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September 1963

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STUDIES IN THE ECONOMY OF DOWNTOWN SAN FRANCISCO

A staff report prepared by Maurice F. Groat
under the supervision of James Keilty
as a part of the Downtown Plan study

San Francisco Department of City Planning

September, 1963

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STUDIES IN THE ECONOMY OF DOWNTOWN SAN FRANCISCO

INTRODUCTION

Six individual studies -- employment, retail trade, the department store, investment in buildings, office space and the location of activities -- are combined in this volume to provide a sense of that complex activity, the economy of Downtown San Francisco. While recognizing that an exhaustive description of the economy is not within the scope of these studies, their value lies in the insights they afford into the structure of business activity Downtown, the general direction of Downtown economic trends, and the role that Downtown plays and will play in the metropolitan region developing around the City.

The report is also intended to further an understanding of decisions made by the Department of City Planning in the formulation of the goals and assumptions set forth in the Downtown Plan Report. The goal of maintaining a compact retail core, for example, is directly related to the findings of several of the studies published in this volume. The differentiation of the Downtown area into distinct functional entities is borne out by the study "Downtown San Francisco's Business Establishments and their Location."

STUDIES IN THE SOCIO-ECONOMIC DEVELOPMENT OF THAILAND

PREFACE

Six individual studies — undertaken, mostly under the Department's auspices, Universities in Bangkok, Ottawa and the Institute of Developing Economies — are contained in this volume as results of some of that country's activity, the province of Southeast Asia Institutes. While investigations that are substantive of the economy in and within the scope of these studies, their value lies in the insights they afford into the conditions of Thailand's activity overall. The Western Bloc has of Southeast economic trends, and the site has been involved there and will play in the modernization region, analyzing among the daily.

The reader is also intended to discern an socio-economic as Southeast work by the Department of Only Ministry in the formulation of the study and assumptions for Bank to the Southeast Asia Studies. The work of Ministries a country social body, the research, is directly relevant to the interest of people of the Southeast Ministries in this volume. The sub-investigation of the Thailand also into Southeast Institutes, studies is there out by the study "Southeast Asia economic problems institutions and their relations."

Finally, but certainly not the least important function of this report, is its value as a source of information for those interested in the study of the economy of Downtown San Francisco for its own sake. In addition to the plates accompanying each section of the report, on which the reader will find the data summarized in concise form, references are provided in order that those interested may pursue each of the studies further in their basic sources. Some of the information used in the studies is readily available in published form. Other information, developed as a result of research undertaken by the staff of the Department of City Planning is contained in the Department's files and is available for purposes of research.

The data used in the studies presented in this volume are from the sources mentioned below.

In the study of employment, based on the report "California Employment and Payrolls" issued by the State Department of Employment, trends were established for a ten year period, 1951-1961, by six month periods. In retail trade, the figures from the 1954 and 1958 Census of Business, published by the U. S. Department of Commerce, the most recent and reliable source of information available, were chosen to give a sense of that trend for Downtown. The investment studies

were based upon a continuous sample of building permit applications for the period 1956-1961. Two points in time, 1953 and 1961, were chosen for the survey of "Downtown Business Establishments and their Locations," and the Polk City Directory served as the source. The use of this kind of information permits the establishment of trends for the very recent past, and inspection of these trends provides a basis for carefully qualified projections about the future of Downtown.

I. EMPLOYMENT IN SAN FRANCISCO, 1951-1961

One of the basic aspects of the economy of San Francisco as a whole and of its Downtown in particular is the kind of employment found there and the numbers of persons employed by kind. When such information is studied for a period in time and when it can be related to a regional context, the trends of community and region provide insight into the direction that each is taking.

This section is devoted to an exposition of the trends in employment from 1951 to 1961 by selected categories for San Francisco and for the San Francisco-Oakland Standard Metropolitan Area, which includes San Francisco, San Mateo, Alameda, Contra Costa, Solano and Marin Counties. The source of information used in this study is "California Employment and Payrolls - Report No. 127" issued quarterly by the California State Department of Employment. The employment figures are given for counties as a whole, and consequently a certain amount of interpretation is necessary when relating the information to Downtown San Francisco a part of the county. Bearing this in mind, those employment activities most related to the Downtown have been chosen for examination. They are: Manufacturing,

Transportation, Wholesale, Retail, Finance, and Services. Certain important subclassifications of these major categories have also been examined. Other categories, Contract Construction, Agriculture, Forestry and Fishing, Mineral Extraction and Unclassified Activities, have been eliminated from consideration because their importance in the long term economy of Downtown is small, though, as in the case of Contract Construction, their total city employment may be quite large. The employment figures given do not include self employed persons or any others not covered by the state unemployment insurance program. Hence employment in government, local, state, and federal, is by and large not reported, although it is clear that this is a very significant source of employment in the City.

Despite these shortcomings of the data, a great deal of information, especially in private employment, may be gained from a study of the accompanying plates which the text explains. The two year trend provides an indication of the direction that San Francisco, especially Downtown San Francisco, is taking and its continuing and future role in its metropolitan area.

Manufacturing. Although San Francisco claims, even in 1961, more than a third of the metropolitan area's

employment in this category (Plate I) and although much of this employment is located in or near the Downtown, it must be noted that the employees of offices of corporations, such as Bethlehem Steel Company, Standard Oil Company of California, Crown Zellerbach Corporation, are also included in the tally of manufacturing employees. The two most significant groups of manufacturing employers in the city are the food industry and the printing industry. Of the two, the printing industry is more closely related to the economy of Downtown San Francisco. The three major daily papers are complemented by the numerous commercial printing and lithographing establishments serving the business needs of the local advertising and publishing industry.

In June 1951, 65,000 persons were employed in various manufacturing industries in San Francisco, by June 1961 that figure had declined to 64,000. Employment in manufacturing for the Standard Metropolitan Area had grown from 178,000 to 195,000 in the same period. In the six months period from December to June 1957, a peak employment of 70,000 persons was recorded, but the prevailing trend for the following years was that of gradual decline. In June 1951, food processing, apparel, and printing accounted for approximately 50% of local

manufacturing employment. In June 1961, the share held by these three industries had increased to 55% of the local market. However, the only industry of the three that showed a steady increase in employment was the printing industry, gaining about 20% for the period. Food processing remained at about the same level in 1961 as in 1951, while apparel manufacturing which rose to a peak of 8,600 employees in December, 1952, and then declined sharply to 6,700 in June, 1958. It then rose slowly to 7,100 in June, 1961, about 200 employees less than the June 1951 total.

In general, manufacturing employment in San Francisco has declined since 1951 (Plates 1 and 2). The growth of industry in the outlying regions of the Bay Area and the movement of some industries from the city have reduced San Francisco's share of the Standard Metropolitan Area's Manufacturing employment. The plants that remain in Downtown San Francisco, except for the newspaper plants, tend to be small manufacturers, whose processes do not require extensive floor space and who often rely on skilled labor, as in the printing industry, or inexpensive labor as in the garment industry. In this sense, the pattern of downtown manufacturing is quite similar to the pattern found in New York City, where the

[illegible]

surviving industries in Manhattan have much the same locational requirements. That San Francisco still has 33% of the S.M.A. employment in manufacturing is attributable to the existence of long established plants such as the food processing industry, employment in corporate administrative offices classified in the category of manufacturing employment, and finally to industries that require either proximity to Downtown offices which they serve, the case of the commercial printer, or the cheap space and labor that make the existence of the garment subcontracting industry with its relatively low profit margins possible.

Transportation. The category of Transportation includes public utilities and communications as well, thus reflecting the very large employment of the Pacific Telephone Company and the Pacific Gas and Electric Company, as well as employment at the headquarters of major transportation companies such as the Southern Pacific Company and the Greyhound Bus Lines. Another factor which complicates the transportation statistic is that the administration of steamship lines and crews of their ships are also included in the employment count. The communication industry, including telephone, telegraph, radio and television broadcasting, is an important segment of this

category. In the past ten years, San Francisco's share of employment in the general category of Transportation has declined from 56% to 50% of the Standard Metropolitan Area (Plate 3), and while employment in San Francisco has increased 4.9% for the total category, it has not kept pace with the metropolitan area increase of 17.9%. The growth of warehousing and terminal operations with allied transportation services in other Bay Area cities accounts for the decline of San Francisco in the share of the metropolitan area. For the Standard Metropolitan Area, employment in motor freight and terminal warehousing operations exhibited a steady increase from 12,500 workers in 1951 to 16,300 in 1961. San Francisco employment in this category rose, with some fluctuation from 6,300 in June, 1951, to a peak of 7,300 in June, 1956, and in June, 1961, was somewhat lower (6,150) than at the start of the decade.

The communications industry, which in June, 1951, employed about 10,000 workers in San Francisco and 18,000 workers in the Standard Metropolitan Area, increased by June, 1961, to 11,600 and 20,700 respectively. Thus the City's rate of growth in this category was somewhat better than that of the Standard Metropolitan Area, and its share of the latter's labor force in this category was approximately 0.5% greater in 1961. The most important

transportation and utility functions performed in Downtown San Francisco are administrative. In the communications industry, considerable operating employment is also located in the Downtown area.

Wholesale. Although San Francisco still retains approximately 64% of the Standard Metropolitan Area's employment in wholesale trade (Plate 3), its metropolitan share of this activity has declined somewhat since 1951. Space for actual warehousing of goods and for the necessary transportation services, may be obtained more cheaply outside the central city. In addition, suppliers tend to locate near their customers; for instance, the growth of the electronics industry in San Mateo County has attracted wholesale houses catering to its particular needs. In earlier days, when the Port of San Francisco acted as the break of bulk point for the entire northern California area and much of the western region, the actual housing of goods prior to their distribution occurred Downtown. However, the improvement of other Bay ports and particularly the expansion of terminal facilities and truck transport operations elsewhere in the Bay Area diminished the relative importance of San Francisco as a break of bulk point.

For the Standard Metropolitan Area, the trend has been one of an increase of about 10% in employment

for the total period. Between June, 1956, and December, 1957, a sharp increase in employment occurred, bringing the total employment to a peak of over 80,000 persons for the S.M.A. and 53,000 for San Francisco. Between December and June of 1958 a sharp decrease occurred and while Standard Metropolitan Area employment in wholesaling increased after this point, San Francisco employment continued to decline. At the end of the period, San Francisco employment in wholesaling had declined about 5% and the local share of the Standard Metropolitan Area employment dropped from slightly over 70% to about 60%.

The most significant segment of the wholesale industry in San Francisco is classified as "sales branches and sales offices of manufacturing and mining companies." Accounting for nearly 38% of wholesale employment, it is this category which indicates the principal wholesale function of the Downtown. While no actual goods change hands, transactions involving them are made in the Downtown offices of concerns and brokers. This is primarily an administrative function and may be carried out in offices. Further, the desirability of contact between customer and supplier is in evidence, for the most important of these wholesale activities occur in the Downtown area circumscribed roughly by Kearny, Sacramento and Market Streets.

Thus the very compactness of the Downtown is a factor in the location of this industry.

Employment in wholesale trade has declined in absolute numbers since 1951, principally in goods handling categories, although wholesale services handling stock of a very specialized nature, such as restaurant and hotel suppliers, custom fabric and furniture houses, are located in the periphery of Downtown. Wholesaling, in terms of the percentage of total employment, is still relatively a larger employer in San Francisco than in the Standard Metropolitan Area as a whole (Plate 1). In the future, it may be expected that for warehouse wholesaling the decline of employment will continue. Whether or not "non-stock" wholesaling remains a function of the Downtown will depend largely upon the continued desirability of the Downtown as a central location.

Retail. Together with manufacturing and service, retail trade constitutes over 50% of the employment of San Francisco (Plate 1). In the decade 1951-1961, San Francisco's share of the metropolitan area employment in retail trade declined from approximately 46% to 38%. This reflects not only the population growth of the area outside the city, but a population decline of about 8% for the city itself. In a subsequent section of this report,

special attention will be given to retail trade and the factors affecting it, because of the primary importance of retail trade as a function of Downtown.

Finance. This category includes banks and banking services, insurance carriers and agencies, investment and security houses, finance agencies, real estate and its allied services. Among the categories under consideration, Finance is the only one which has maintained very nearly its same position in 1961 as it did in 1951 in terms of San Francisco's share of the metropolitan employment (Plate 3). Further, it is the only category in which employment in the city has increased at a rate greater than the metropolitan area as a whole. The existence of headquarters of major insurance companies and banks in the downtown area, together with the activities that center around the stock exchange make this a major "industry" of Downtown San Francisco. The two most important subcategories are life insurance carriers and banking establishments. Together they account for over 80% of the City's total employment in Finance and a slightly lower percentage for the Standard Metropolitan Area. San Francisco's share of the major category increased from approximately 66% in June, 1951, to 68% in June, 1961. Employment in San Francisco's banking establishments rose from 7,600 in

1951 to approximately 13,100 in 1961, an increase of almost 72.5%. Standard Metropolitan Area banking employment for the period grew about 65%. Life insurance carriers did not display as dramatic an increase in employment as did banking for the period. While life insurance carriers remained the major employers in the category of Finance with 17,500 employees in San Francisco and 24,500 in the Standard Metropolitan Area in June, 1961, San Francisco's share of Standard Metropolitan Area employment in life insurance carriers declined from 82% in June, 1951, to 71.5% in June, 1961. This comparison reveals its relatively great importance in the Downtown economy. For the metropolitan area, the category of Finance amounts to 9.3% of total employment in January, 1961, for San Francisco the proportion is 14.1%. The location of the data processing facilities of the Bank of America near Downtown and the construction of the Hartford Insurance Company's western headquarters, augur for a continued expansion of this major factor in the economy of Downtown San Francisco.

Service. Although the city's share of the metropolitan area in this category has declined, over 50% of employment in Service remains in San Francisco (Plate 3). Most important to Downtown San Francisco is the employment in hotels, business services, professional services

of various kinds, and recently, non-profit membership organizations. Of the total employment in Service for the city in 1961, business services alone comprised 20%. Business services in San Francisco employed 10,500 persons in June, 1951, increased to 14,000 in December, 1957, and declined sharply to 11,500 in June, 1958, probably as the result of recession. However, by June, 1961, employment had risen once again to 14,000. The increase for the entire period was approximately 33% for San Francisco and 68% for the Standard Metropolitan Area. In June, 1951, San Francisco had 68% of Standard Metropolitan Area employment in business services; in June, 1961, its share had declined to 54%. San Francisco's strength as an administrative center will probably continue to attract services which have, as their clients, businesses located in the downtown area. It is also probable that rapid transit will enhance the position of San Francisco as a place where services catering to the metropolitan area will locate.

Hotel and related employment for San Francisco increased from approximately 7,900 persons in June, 1951, to 8,300 in June, 1961, an increase of 5%. However, the overall trend for the period is uneven, ranging from a highpoint of 8,500 in the year 1953 to the low of 7,100

in December, 1958. San Francisco's share of Standard Metropolitan Area employment in this category declined from 78% in June, 1951, to 71% in June, 1961. It is probable that hotel and related employment will increase in San Francisco when such major facilities as the Hilton Hotel are completed and as San Francisco augments convention and tourist attractions. It is also probable that this category will always be sensitive to minor fluctuations in the economy.

It is difficult to establish trends in medical services inasmuch as the inclusion of Roman Catholic hospitals in the primary data source did not occur until 1959. Due to the large number of hospitals in the city and the attraction of such facilities for many related activities, the continued dominance of San Francisco in Standard Metropolitan Area medical service employment is anticipated. The employment figures do not include self-employed professionals and hence afford insight only indirectly to the special role of San Francisco as a medical center.

Summary. In January, 1961, San Francisco claimed 45.2% of the employment of the Standard Metropolitan Area. While this was a decline from the 50.9% share of 1951, it nevertheless represented a sizeable fraction of total

metropolitan area employment. Of the categories analyzed, Finance remains the most stable, in terms of Downtown employment, and Manufacturing the weakest. The growth of employment in the categories of Finance and Service in the period 1951-1961 was strong, while employment in Wholesale, Retail, and Manufacturing declined. There was a slight gain in Transportation employment for the period. The indications given for the future of employment in San Francisco by the trends of the past ten years are:

1) decline in Manufacturing, Wholesale, and Retail employment;

2) reinforcement of the employment connected with financial activities;

3) continued growth in the sectors of Service, particularly business oriented service activities.

PLATE I EMPLOYMENT TRENDS IN SIX MAJOR CLASSIFICATIONS AND TOTAL EMPLOYMENT, 1951-1961. SAN FRANCISCO AND THE STANDARD METROPOLITAN AREA

Source: Report Number 127 "Employment and Payrolls" California State Department of Employment

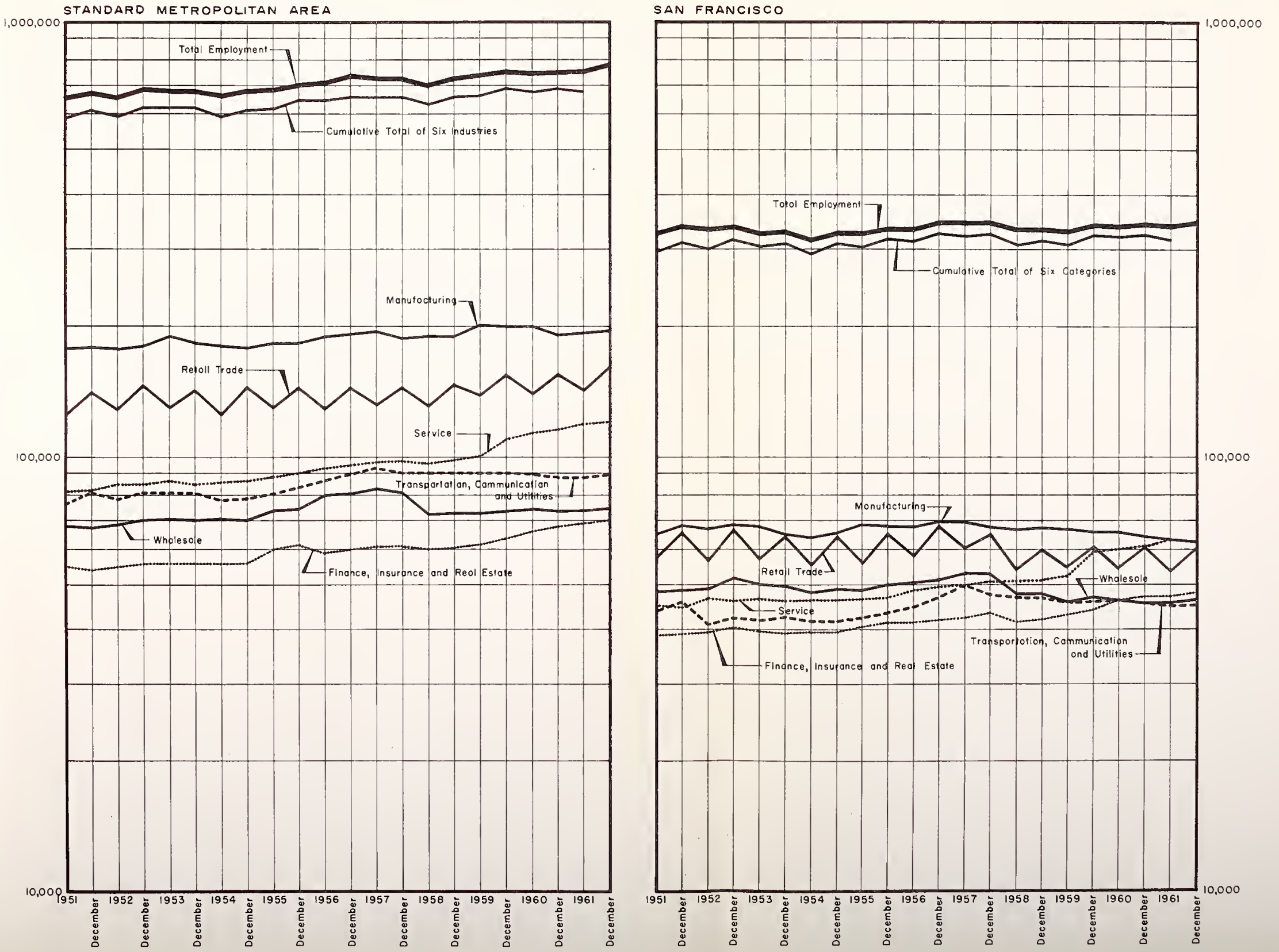


PLATE 2 SAN FRANCISCO EMPLOYMENT IN MAJOR CLASSIFICATIONS AND SELECTED SUBCATEGORIES, 1951 - 1961

Source. Report Number 127 "Employment and Payrolls" California State Department of Employment

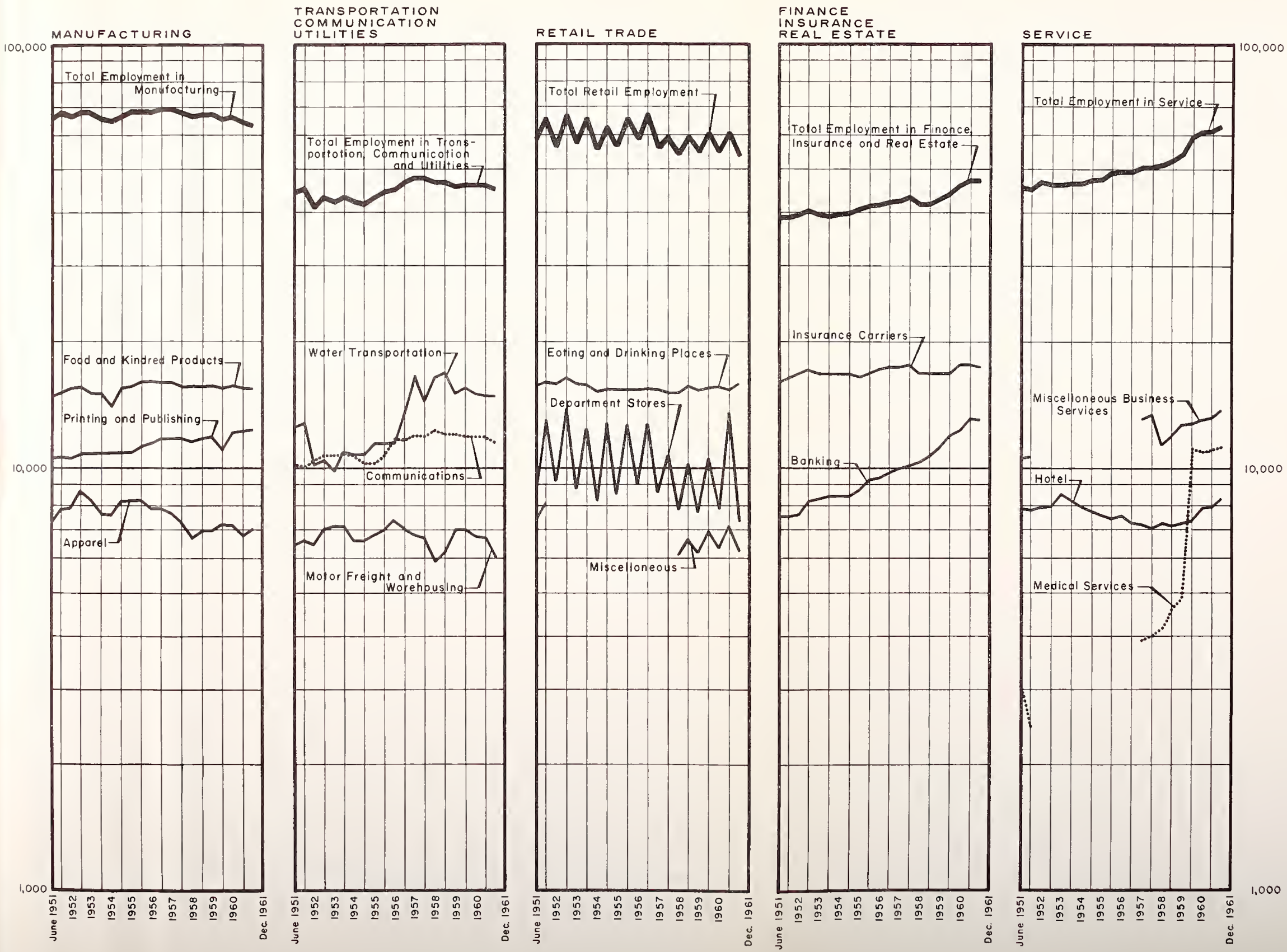


PLATE 3 · EMPLOYMENT TRENDS BY INDUSTRY FOR SAN FRANCISCO AND THE SAN FRANCISCO STANDARD METROPOLITAN AREA, 1951 - 1961

(Part I)

Source Report Number 27 "Employment and Payrolls" California State Department of Employment

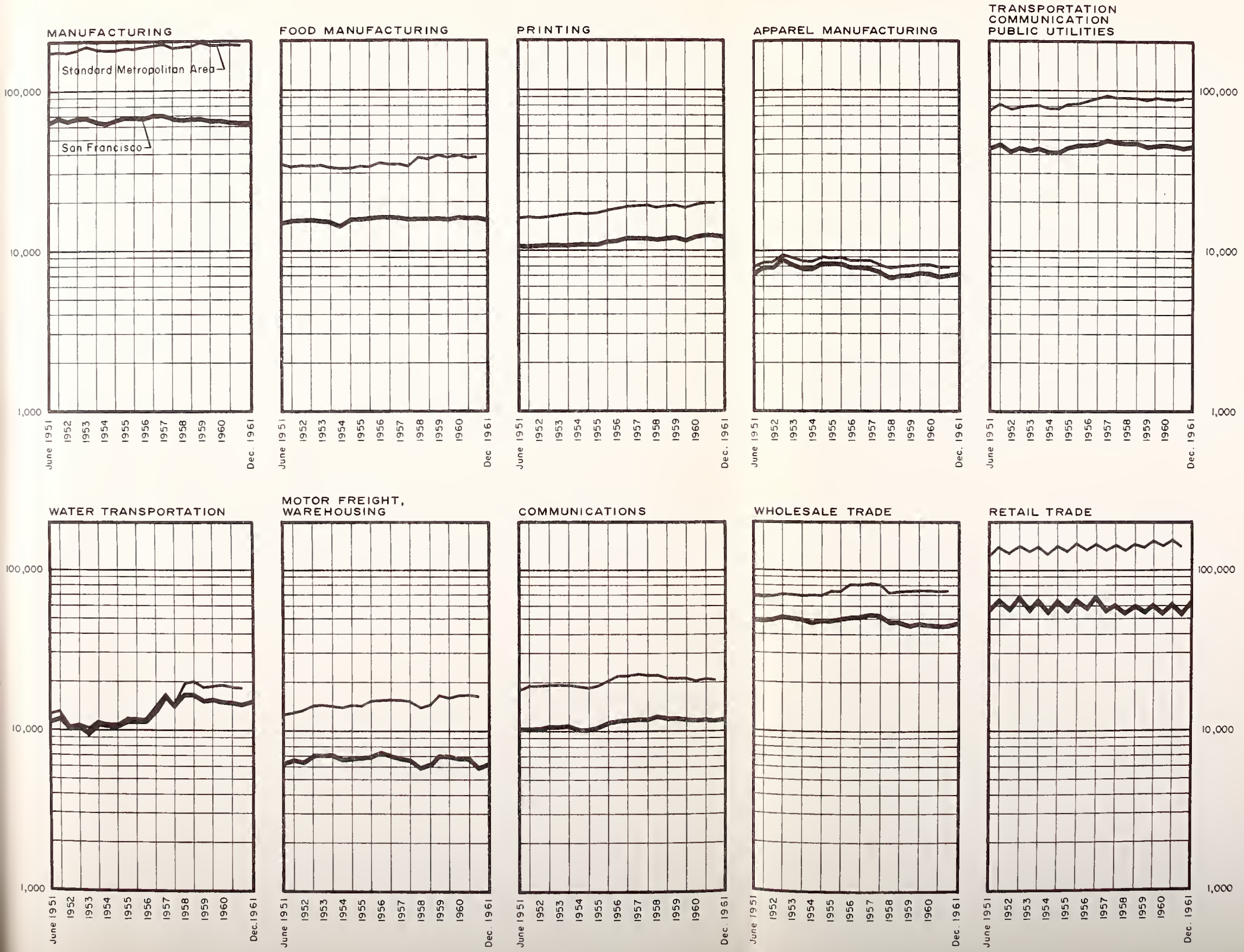
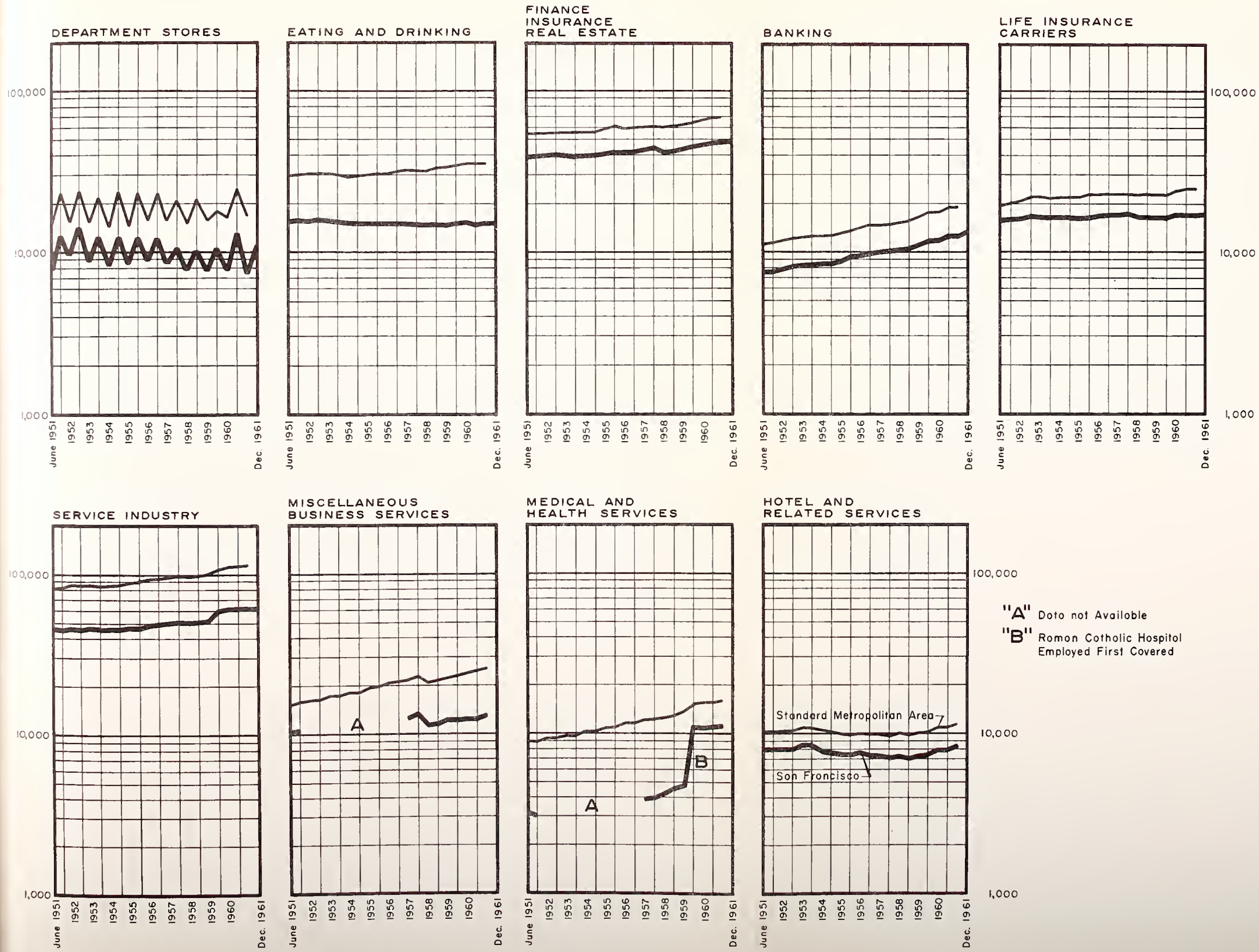


PLATE 3 · EMPLOYMENT TRENDS BY INDUSTRY FOR SAN FRANCISCO AND THE SAN FRANCISCO STANDARD METROPOLITAN AREA, 1951 - 1961

(Part 2)

Source Report Number 27 "Employment and Payrolls" California State Department of Employment



II. RETAIL TRADE IN DOWNTOWN SAN FRANCISCO 1954 AND 1958

Retail trade occupies a place of major importance in the economy of Downtown San Francisco, and for that reason the following study is presented. It is based upon the reports BC58-CBD76, "Central Business District Statistics -- San Francisco-Oakland Standard Metropolitan Statistical Area" and BC58-CBD98 (Revised) "Central Business District Statistics -- Summary Report." Both are published by the Bureau of the Census, U. S. Department of Commerce, and both deal with trends in retail trade for the period 1954-1958. They constitute the most reliable and recent information about this activity available and are accepted as standard sources of information. In the section "The Five Major Categories of Retail Trade in Downtown San Francisco," the principal source of data is the first of the above mentioned publications (BC58-CBD76). The "Summary Report" (BC58-CBD98 (Revised)) serves as the basis for the section "Downtown San Francisco and other Downtowns." The plates accompanying each of these sections provide a graphic interpretation of the statistical material described in the text.

The Central Business District, hereafter referred to as the C.B.D., comprises a major portion of San Francisco's Downtown and is, in the words of the Census Bureau, "an area of very high land valuation, an area characterized by a high concentration of retail businesses, offices, theaters, hotels, and "service" business and an area of high traffic flow." The C.B.D. of San Francisco consists of census tracts A-16, A-17, A-21, A-22, A-23, and K-2, an area bounded by Pacific Avenue, San Francisco Bay, Howard, 11th, and Market Streets, Van Ness Avenue, Ellis, Leavenworth, Bush, Stockton, California, and Kearny Streets, closely approximating the Downtown Plan Study Area.

In describing the 1954 to 1958 trends in retail trade for Downtown San Francisco, the following measurements were selected:

1. C.B.D. Sales as a percent of Standard Metropolitan Area (S.M.A.) Sales, 1954 and 1958.
2. C.B.D. Sales as a percent of City Sales, 1954 and 1958.
3. A comparison of the volume of sales receipts for 1954 and 1958 for the C.B.D., the City less the C.B.D., and the S.M.A. less the C.B.D.

(The subtraction of the C.B.D. sales receipts from the receipts for the City and the S.M.A., respectively, permits a more realistic comparison of the performance of each unit for the time period.)

In the text, certain categories of retail trade, as defined in the source material, were selected for detailed description. They are: general merchandise stores; apparel stores; furniture, home furnishings, and equipment stores; eating and drinking establishments; and the category "other retail stores." Their selection was based on the fact that they were the five major contributors to C.B.D. sales, their combined volume of receipts being 87.4% of total receipts in 1958 and a correspondingly high percentage in 1954.

The categories of lumber, hardware and building materials, automobile sales, gasoline service stations, food stores, and drugs and proprietary stores were eliminated because their combined contributions were only 12.6% of the 1958 sales revenue of the C.B.D.

Before discussing the individual categories, a comment on the overall performance of the C.B.D. is in order. Total retail sales revenue for the C.B.D. increased by 10.9% from 1954 to 1958. The City (less the C.B.D.)

receipts increased 4.0%, and the S.M.A. (less the C.B.D.) 19.2% for the period. Later in this study, a comparison of the performance of San Francisco with other cities will demonstrate that these figures are indicative of a very healthy Downtown from the standpoint of retail trade. It is worth noting here that in 1958 San Francisco's was the fourth major C.B.D. in the United States when ranked by total retail sales, preceded only by New York, Chicago, and Philadelphia, all of which have considerably larger city populations.

The Five Major Categories of Retail Trade in Downtown San Francisco

The general merchandise retail group was the most significant part of Downtown retail sales in 1958 (28.6% of total retail sales for the C.B.D.), although its share of the metropolitan market had declined from 34.2% in 1954 to 30.6% in 1958 and its share of City sales had declined from 68.8% to 66.0%. The two principal components of this important category, department stores and limited price variety stores displayed disparate trends. The first, and most important, department stores, of which there remained seven throughout the period examined for this report, followed the trend of the major category. Share of metropolitan sales dropped from 41.7% in 1954

to 35.8% in 1958, and City sales dropped from 72.7% to 70.4%. Because department store sales constitute over 80% of the general merchandise sales revenue for the C.B.D., their loss in metropolitan and city share was a major factor contributing to the overall decline in share of sales for the general merchandise category. Limited price variety stores, on the other hand, increased their share of the S.M.A. sales from 16.0% in 1954 to 18.5% in 1958 and their share of C.B.D. sales from 6% to 7%, although the number of such stores dropped from eight in 1954 to five in 1958.

Changes in retail sales volume also indicate the unique position of the limited price variety store. The change in sales receipts for this category in the C.B.D. was approximately 23.5% during the study period, while in the S.M.A. a change of only 3.2% was recorded. This contrasts with department stores, whose increase of 10.8% for the period was approximately a quarter of the S.M.A. 41.9% increase for the period and about half that of the City 23.8%. In the C.B.D. the sales receipts for the overall category of general merchandise increased 13.4% compared with the City's increase of 29.0% and S.M.A. increase of 33.8%.

in 20,00 in 1960, was then either dropped from 20,00 to 10,00. Business Department Store sales declined from 40,00 in 1960 to 30,00 in 1961. Other Department Stores and Specialty Stores in the U.S., which had sales increases in the Atlanta Region, in spite of gains for the Atlanta Department Store, showed sales decreases in the Dallas Region. Further, sales of the U.S. Department Stores declined from 40,00 in 1960 to 30,00 in 1961. Sales of Specialty Stores in the U.S. sales fell to 20,00 in 1961. Sales of Specialty Stores in the Atlanta Region declined from 40,00 in 1960 to 30,00 in 1961.

Changes in retail sales volume also influence the indice numbers of the Atlanta Sales Index. The column in sales resulting for this reason in the 5,0,0, was approximately 25 in 1960 and only 20 in 1961. In the U.S., a change of only 1.2% was recorded. This was mainly with department stores, whose increase of 5,0 for the Atlanta was approximately a quarter of the U.S. 21,0% increase for the period and about half that of the 10,0% in the U.S. The sales increase for the overall category of Atlanta Metropolitan increased 17,0% compared with the U.S. increase of 21,0% and U.S. increase of 11,0%.

These figures, while comparable in themselves, are not adjusted to reflect a change in the 1958 reporting of leased concessions as part of department store sales. In 1954 these concessions were reported separately by merchandise line.

Decrease in the number of limited price variety stores, increase in their retail volume, and (though still less than 10% of total C.B.D. revenue) their share of sales, indicate an interesting shift. It would appear that while Downtown department stores, although still major shareholders in Downtown's economy, are losing some of their grip on the metropolis, the Downtown limited price variety stores exert a unique attraction. It is noteworthy that one major limited price variety store in Downtown San Francisco is reputed to have one of the highest ratios of sales per square foot of floor area in the nation.

Apparel, in terms of its total contribution to the revenue of Downtown San Francisco retail sales, is the second most important category, with 21.2% of total revenue. Despite its contraction in metropolitan share of 2.4%, it remained an important metropolitan area retail activity, having 38.5% of S.M.A. sales in 1958. Together

with general merchandise, the apparel line remains one of the most important Downtown attractions for the metropolitan purchaser. The growth of sales figure of 6.1% in the C.B.D. is somewhat better than the 5.7% for the rest of the City and about one-third of the S.M.A. figure of 17.2%. However, approximately 2,404 millions of dollars in 1954 were actually in concessions leased as departments of other stores, so that apparel and accessory shops in the C.B.D. as a group did about 8.9% better in 1958 than in 1954 if the figures are adjusted to reflect this change in reporting. The major component of the category is women's wear, accounting for nearly 60% of the total apparel sales in 1958, and of this component almost 90% of sales were made in women's ready-to-wear shops. The second most important component of the category, men's and boys' wear, was responsible for approximately 23% of total C.B.D. retail sales.

There was a decrease in the overall number of establishments from 370 in 1954 to 286 in 1958. Especially noted were decreases in the number of family clothing stores, shoe stores, and "other apparel" establishments, and a corresponding loss in sales volume for such establishments which contrasted strongly with progress in the apparel components mentioned above.

Eating and drinking establishments, third in share of C.B.D. sales, are generally considered to serve a/nearby population and, hence, to have primarily local significance. In the case of San Francisco's Downtown, the resident population served consists, in a large measure, of San Francisco's temporary residents -- commuting office workers and tourists. Hence figures for share of the metropolis are not indicative of the unique metropolitan role of these Downtown establishments unless they are compared with Downtown Oakland, where 205 reporting establishments did 3.7% of metropolitan area business in 1958 contrasted with 829 units in San Francisco doing 20.9% of metropolitan business.

Together with the general merchandise and apparel categories, eating and drinking with its 17.5% of total sales revenue for Downtown San Francisco accounted for approximately two-thirds of the total retail sales revenue of Downtown in 1958.

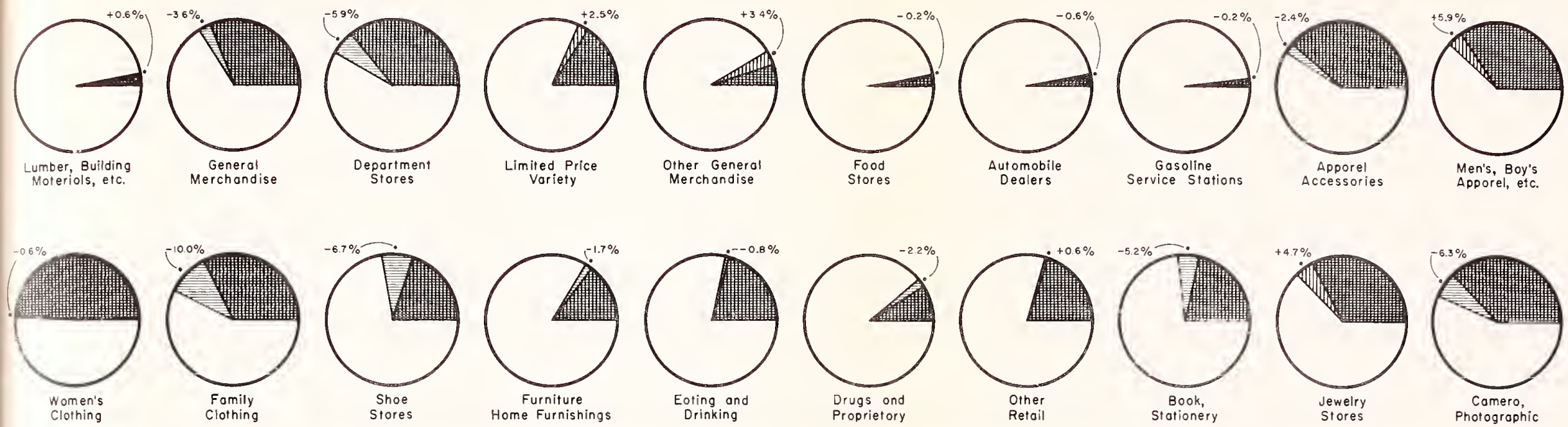
While Downtown's share of metropolitan area sales in eating and drinking establishments declined very slightly in the period, its share of City sales increased.

The 'other retail stores" category includes such outlets as Book and Stationery Stores, Luggage Shops, Camera and Photographic Supply Houses, and Florists.

The C.B.D. share of the metropolitan market and of City sales for this category increased slightly between 1954 and 1958. Fourth ranking component of C.B.D. revenue, the category in 1958 commanded approximately 13.5% of total retail sales. Although the number of establishments decreased, sales volume increased for this category by 25.6% in the C.B.D.; by 8.6% in the City and by 20.8% in the S.M.A.

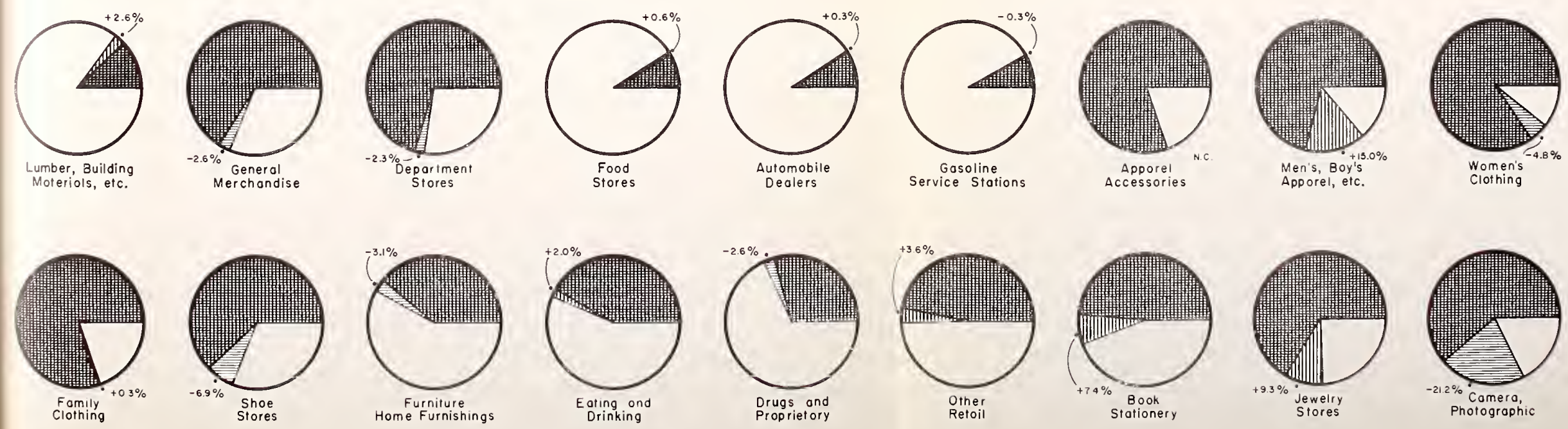
Furniture, home furnishings and equipment stores, the fifth ranking contributor to the sales revenue of Downtown in both 1954 and 1958, followed the decline of other general retail categories in share of metropolitan and City sales. This general category, together with automobile dealers, not only lost in share of sales for the period, but suffered a decline in total sales receipts amounting to 3.7% although its major component category, furniture stores, showed a very slight gain of 3.5%. The contrast with sales growth figures for the City of 9.8% and for the S.M. A. of 9.8% indicated the severity of the C.B.D.'s decline in this category. A loss in the number of establishments occurred with 112 reporting units in 1954 and 106 in 1958.

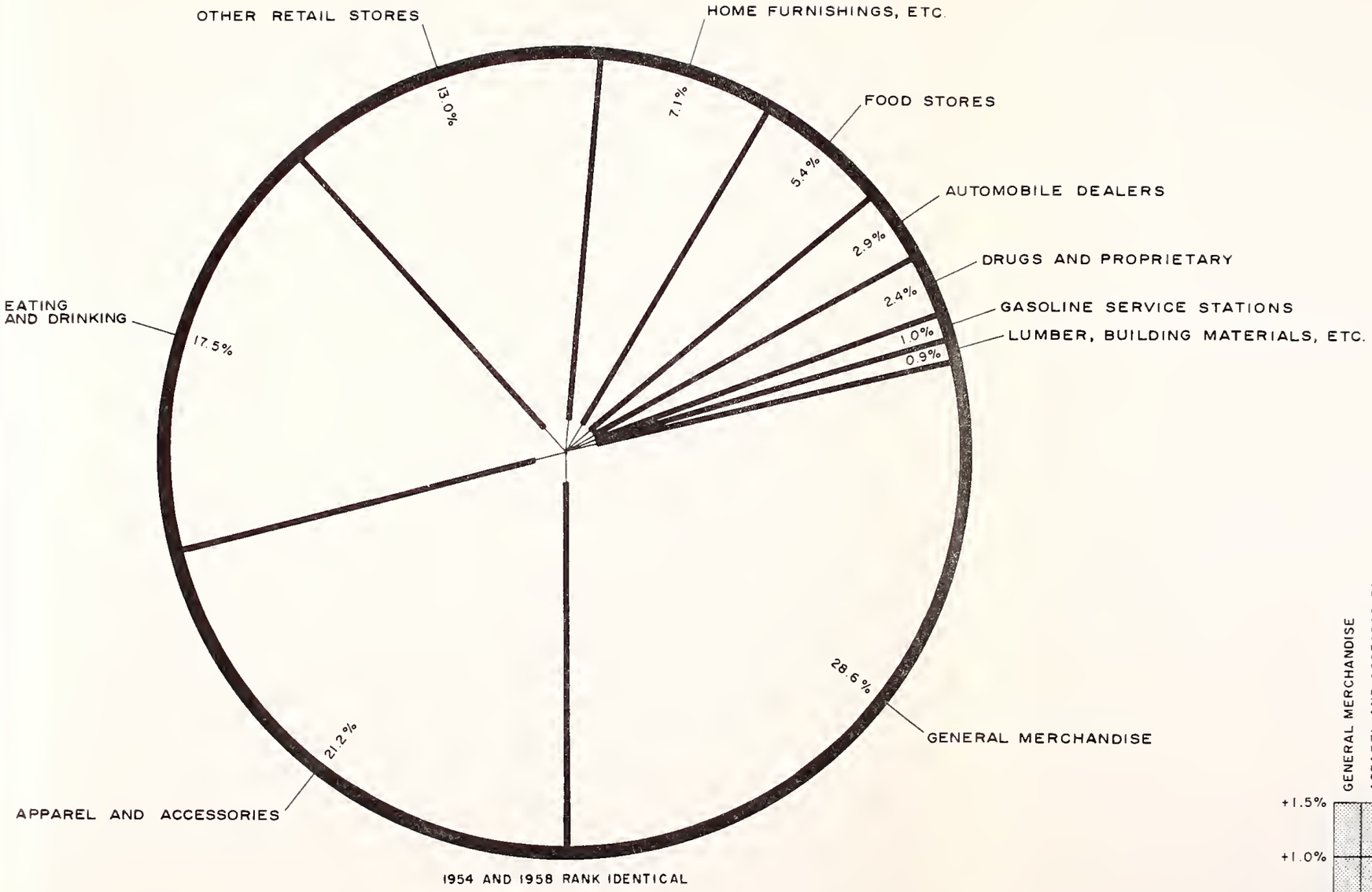
PLATE 4 · SELECTED DOWNTOWN RETAIL STORES: 1958 AND 1954 CENTRAL BUSINESS DISTRICT SALES AS A PERCENT OF THE SAN FRANCISCO STANDARD METROPOLITAN AREA



Source for both plates: Central Business District Statistics San Francisco-Oakland, Calif., Area BC58-CB076 1958 Census of Business Bureau of the Census

PLATE 5 · SELECTED DOWNTOWN RETAIL STORES: 1958 AND 1954 CENTRAL BUSINESS DISTRICT SALES AS A PERCENT OF THE RETAIL SALES OF THE CITY OF SAN FRANCISCO





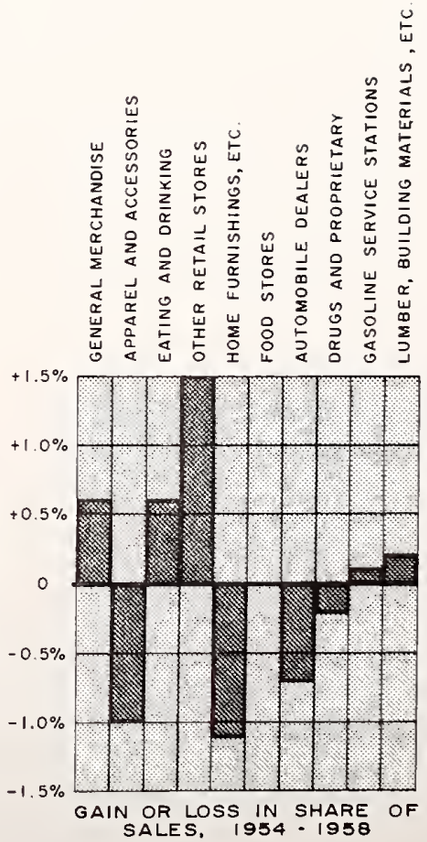


PLATE 6 · RANK OF RETAIL ACTIVITY IN 1958 BY SHARE OF SALES IN THE CENTRAL BUSINESS DISTRICT, AND CHANGE IN ACTIVITY FROM 1954

Source: Central Business District Statistics, San Francisco-Oakland, California Area, 1958 Census of Business, BC 58-CBD 76, U S. Department of Commerce, Bureau of the Census

Downtown San Francisco and other Downtowns: A Comparison

Comparison of selected aspects of retail trade for Downtown San Francisco with comparable downtowns throughout the nation provides a measure of its retail trade performance. Of the twenty-four downtowns in the United States serving S.M.A.'s having a population of one million or more persons in 1960, twelve have been selected for purposes of comparison. (One, Denver, Colorado, had an S.M.A. population of slightly under one million persons, but was included because it is the major city in the Mountain Economic Region, and hence plays a role similar to that of San Francisco in the northern California region.) They are St. Louis, Pittsburgh, Philadelphia, New York, Los Angeles, Detroit, Denver, Dallas, Chicago, Boston, Baltimore, and Atlanta. Plates 7 through 11, in which the statistical material derived from the Census of Business is presented graphically, will each be discussed in turn to establish this comparison.

Plate 7. Change in Volume of Retail Sales in Selected Cities, 1954-1958

Of the twelve cities studied, only the Atlanta C.B.D. displayed a greater increase in sales volume for the 1954-58 period, and only four of the other major C.B.D.'s showed any gain at all in 1958 over their 1954

Plate 7. (continued)

receipts, and in none of them was the gain for the C.B.D. in sales receipts as compared with city gain as great as in San Francisco. Only Pittsburgh made a better showing with respect to its metropolitan area.

Plate 8. Central Business District Sales As a Percent of Standard Metropolitan Area Sales -- Comparative Performance 1954 and 1958

In this plate it will be noted that during the period, only the Pittsburgh C.B.D. lost a smaller share of S.M.A. sales than San Francisco. The average loss for the group (excluding San Francisco's C.B.D.) was 2.26%. While it is true that for a number of C.B.D.'s this figure reflects the suburban development in their metropolitan areas, it is not sufficient to explain the greater decline of their C.B.D. share of S.M.A. retail trade for the period, especially in the C.B.D.'s of Baltimore, Boston, or Chicago where S.M.A. population increase was lower than that of the San Francisco-Oakland S.M.A.

Plate 9. Central Business District Sales As a Percent of City Sales -- Comparative Performance 1954 and 1958

Of all the cities surveyed, the San Francisco C.B.D. alone increased its share of city sales appreciably for the period, and its 37.1% share of city sales placed

Plate 9. (continued)

it second only to Atlanta (38.1%) in this measure of performance. Loss of city sales in the C.B.D. ranged from 3.7% in Baltimore to 0.4% in New York. The competition of major retail centers in San Francisco did not, in this period, seem to have a tangible impact on Downtown's share of the city sales.

Plate 10. Composition of Retail Sales in Central Business Districts, 1958

Plate 11. Percent Change, 1954-1958: Central Business District Shopping Goods as Percent of Standard Metropolitan Area Shopping Goods

From this plate, the similarity of the C.B.D.'s of San Francisco and New York become readily apparent. Both enjoy a higher proportion of convenience goods shopping than any of the other cities chosen for comparison. Although shopping goods constitute over half of the total C.B.D. retail sales in each, the proportion is less than that of the other eleven cities. While all of the cities studied in 1958 lost a portion of the S.M.A. shopping goods that they enjoyed in 1958, San Francisco was the third lowest loser, with a decline of less than 10%. Only Atlanta and Pittsburgh came off better for the period, while Los Angeles topped the 25% mark.

Table 5. (Continued)

to amount only to Eighty (80 %). In this manner it was-
Immaterial. Loss of fare sales to the C.S.C. amount from
4.7% in Galveston to 0.4% in New York. The conclusion
of major rapid transit company in San Francisco did not, in this
period, seem to have a tangible impact on patronage sales
of the city lines.

Table 6. Comparison of Direct Sales in
Central Business District, 1947/48, 1952

Table 7. Average Change, 1948-1952:	
Central Business District Sales Ratios	
Compared to Percent of Street Rail-	
way Sales Producing Goods	

From this table, the similarity of the C.S.C.'s
of San Francisco and New York becomes readily apparent.
Both enjoy a higher proportion of commerce goods sales
than any of the other street cleaner for comparison.
Although shopping goods constitute over half of the total
C.S.C. goods sales in each, the proportion is less than
that of the other cleaner cities. While all of the cities
studied in 1948 had a portion of the S.M.A. producing
goods that they enjoyed in 1947, only Galveston has the
same lower level. Only a portion of Long Beach, Inc. Only
Atlanta and Pittsburgh show an upward jump in the percent
where the cleaner supply the sales.

The indications afforded by these plates sketch a picture of the healthy Downtown that San Francisco enjoys. This should not be taken as grounds for complacency, but it should allay the fears that Downtown San Francisco retail trade is heading toward a drastic decline in the future. By comparison with other major cities, San Francisco is more than holding its own; and if those factors in Downtown that contribute to its vitality can be identified and strengthened, it will probably continue to maintain a favorable position.

Summary

As a group, San Francisco's Downtown retailers had 0.9% less of the metropolitan area sales dollar in 1958 than they enjoyed in 1954. However, their 13% share made them the strongest single shareholder of the S.M.A. retail market. Significant categories in terms of metropolitan trade are general merchandise with 30.6%; apparel and accessory stores, 38.3%; eating and drinking places, 20.9%, and other retail stores, 20.6%. Oakland, the other major C.B.D. in the S.M.A., accounted for 5.3% total retail trade; 12.3% of general merchandise; 12.9% of apparel and accessories; 3.7% of eating and drinking places; and 5.1% of other retail trade. In 1960, the

The indications afforded by these figures should a glance at the heading convince that this Francisco enterprise. This should not be taken as grounds for complacency, but it should allay the fears that Dunsmore has frequently voiced in seeking to develop towards a definite in the future. By comparison with other principal, the Francisco is more than holding its own, and if these factors in Dunsmore's job contribute to its virtually can be identified and strengthened, it will probably continue to maintain a favorable position.

Summary

As a group, the Francisco's Dunsmore divisions had a 4.9% loss of the metropolitan area sales dollar in 1954 when they dropped to 10%. However, their 12% share made them the strongest single shareholders of the S.F.A.A. retail market. Significant gains were in terms of metropolitan brick and dessert merchandising with 20.6% general and grocery stores, 14.1% meting and drinking places, 10.9%, and other retail stores, 20.3%. Contrast, the other major C.P.G. in the S.F.A.A., accounted for 8.2% total retail sales; 12.1% of general merchandise; 12.6% of apparel and accessories; 7.1% of eating and drinking places; and 5.1% of other retail trade. In 1960, the

population of Oakland (367,000) was approximately one-half that of San Francisco (740,000), accounting for some, but not all, of the variation in the share of the metropolitan market held by the two communities. For the residential population of the community is not the sole determinant of the amount of retail trade done in the C.B.D. of a city. Other factors include the nature of the Downtown retail establishments themselves, the working population in the Downtown using retail facilities, and the accessibility of Downtown to the surrounding metropolitan area. Were San Francisco's dominance to be attributed solely to her residential population, none of the important retail categories share of the S.M.A. market, save for the general merchandise group, could be strictly accounted for. The figures, though they indicate a decline in the share of the metropolitan market from 1954 to 1958 for San Francisco's Downtown in most categories, are not alarming. They do show that in terms of metropolitan trade, the accessible suburban shopping center has made an encroachment in both shopping and convenience goods and that a lowering of the median income of the central city's resident population is being felt. However, these factors may, in the future, be counterbalanced by two significant developments:

1) Improved accessibility to the Downtown for residents of Alameda and Contra Costa Counties, which will result from the construction of the rapid transit system.

2) The increased accommodation of medium to high income groups in significant numbers, the result of recent domestic construction in the city.

An interesting comparison with the C.B.D. of Los Angeles can be made. In 1958, the Census found that while San Francisco's C.B.D. claimed 8.9% of the total number of retail establishments for the San Francisco-Oakland S.M.A. and 13% of the sales volume, the C.B.D. of Los Angeles had 2.7% of the retail establishments and 4.2% of the sales volume for the Los Angeles S.M.A. For the city of San Francisco 37.1% of the sales occurred in the C.B.D. as contrasted with 9.8% of total city sales volume done in the C.B.D. of Los Angeles. The contrast between the compact Downtown of San Francisco and the impact of diffusion upon downtown Los Angeles is apparent from these figures.

The brief comparative analysis undertaken here indicates that in the area of retail trade, Downtown San Francisco during the years 1954 to 1958 enjoyed an almost unique position. With very little expenditure of

2) Improved accessibility to the downtown for residents of Alameda and Orange County counties, which will result from the construction of the Santa Monica freeway.

3) The increased accommodation of higher income groups in suburban areas, the result of recent domestic construction in the city.

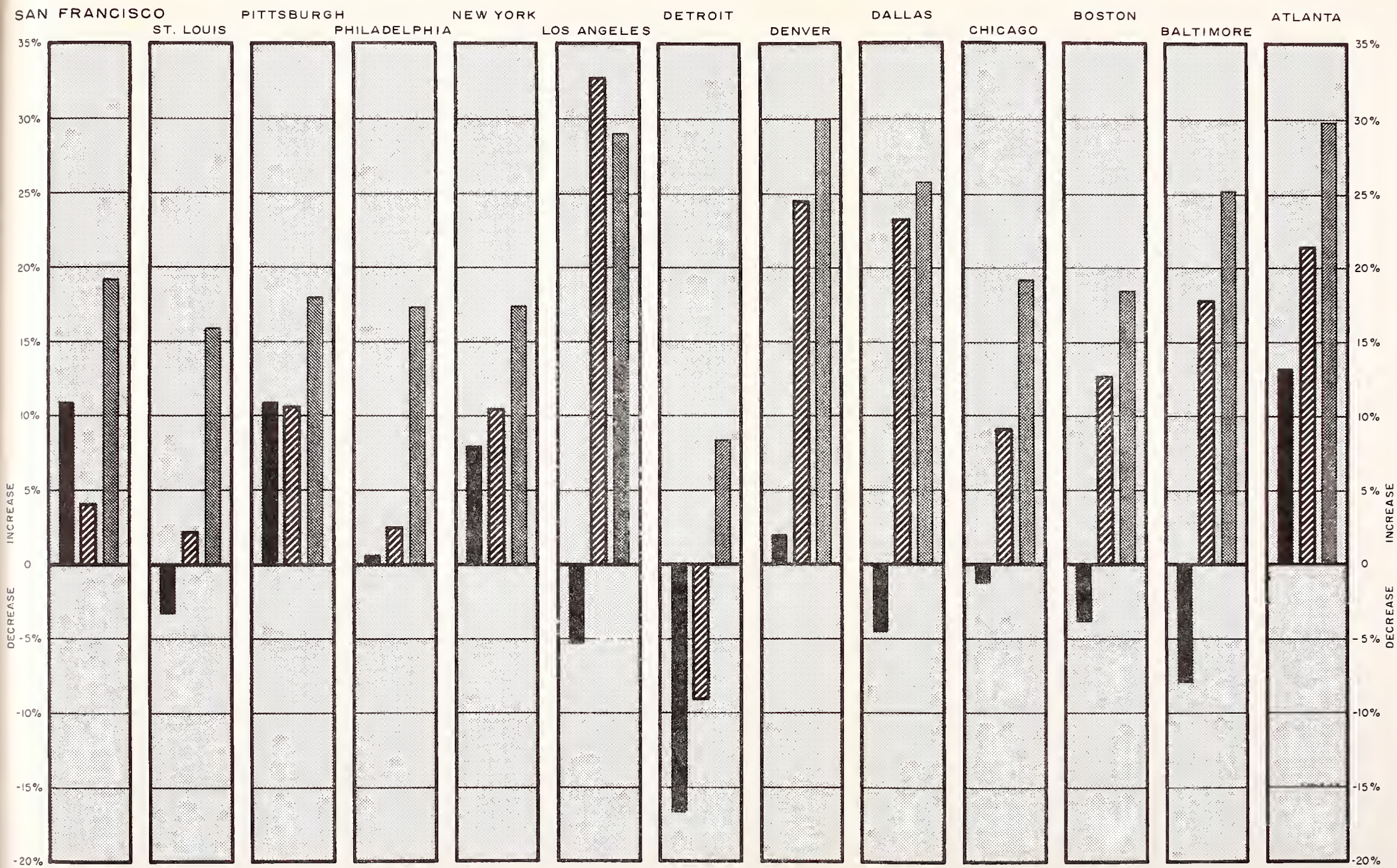
In increasing comparison with the growth of Los Angeles can be seen. In 1958, the Census found that while San Fernando's C.B.D. claimed 8.3% of the total number of retail establishments for the San Fernando-Oxnard S.M.S.A. and 18% of the sales volume, the C.B.D. of Los Angeles had 1.7% of the retail establishments and 4.2% of the sales volume for the Los Angeles S.M.S.A. The city of San Fernando (1.3% of the area occupied by the C.B.D.) in contrast with 4.2% of total city sales volume done in the C.B.D. of Los Angeles. The contrast between the core of Downtown Los Angeles and the impact of decentralization upon expanding Los Angeles is dramatic from these figures.

The retail centers are mostly concentrated near intersections and in one area of retail trade. Downtown San Fernando Avenue, the years 1956 to 1958 saw a rash of retail outlet locations. Most very likely expansions of the core.

public funds, with little active campaigning by private interests, retail trade remained a strong and a stable element in the economy of Downtown, an experience not often repeated throughout the nation.

PLATE 7 · CHANGE IN VOLUME OF RETAIL SALES IN SELECTED CITIES, 1954 - 1958

Source: Central Business District Statistics, Summary Report, 1958 Census of Business, BC 58-CBD 98 (Revised), U.S. Department of Commerce, Bureau of the Census

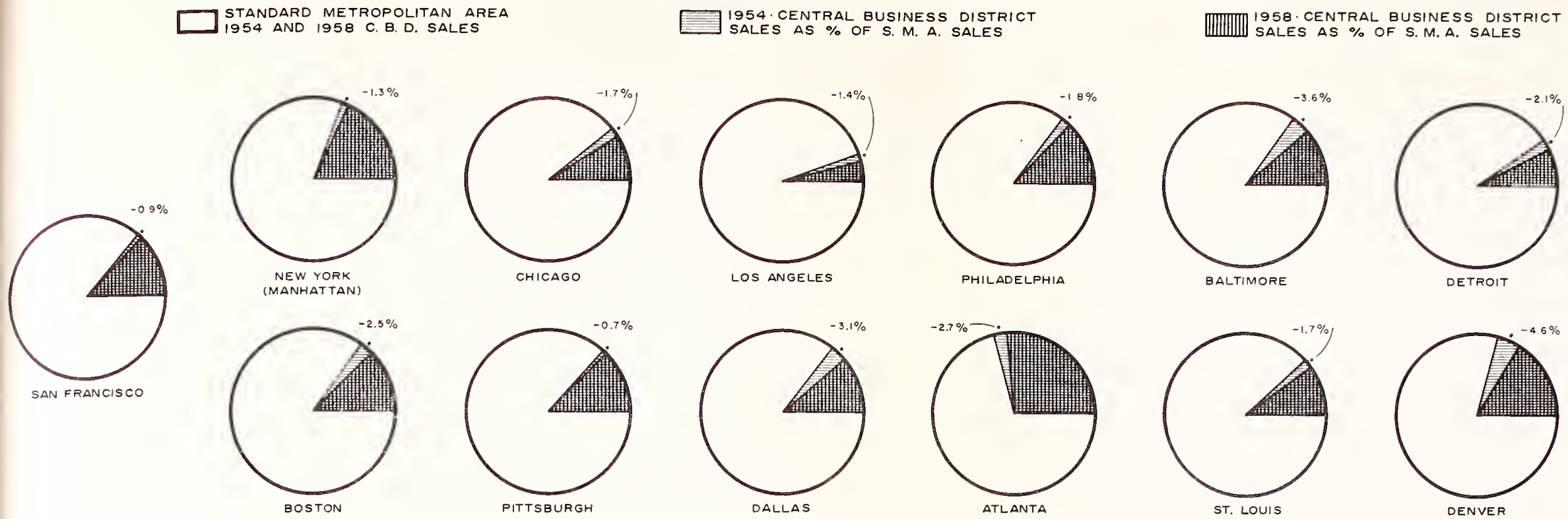


PERCENT CHANGE IN CENTRAL BUSINESS DISTRICT SALES

PERCENT CHANGE IN SALES IN THE ENTIRE CITY LESS ITS CENTRAL BUSINESS DISTRICT

PERCENT CHANGE IN SALES IN THE STANDARD METROPOLITAN AREA LESS THE CITY'S CENTRAL BUSINESS DISTRICT

PLATE 8 · CENTRAL BUSINESS DISTRICT SALES AS A PERCENT OF STANDARD METROPOLITAN AREA SALES – COMPARATIVE PERFORMANCE 1954 AND 1958



Source: Central Business District Statistics, Summary Report, 1958 Census of Business, BC 58-CBD 98 (Revised), U. S. Department of Commerce, Bureau of the Census

PLATE 9 · CENTRAL BUSINESS DISTRICT SALES AS A PERCENT OF CITY SALES – COMPARATIVE PERFORMANCE 1954 AND 1958

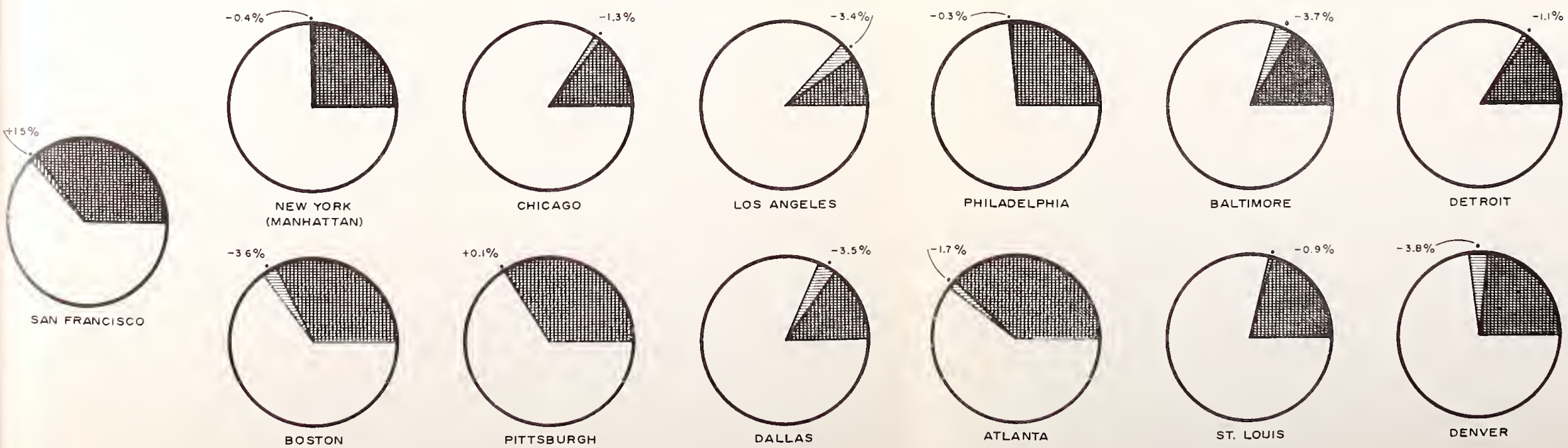
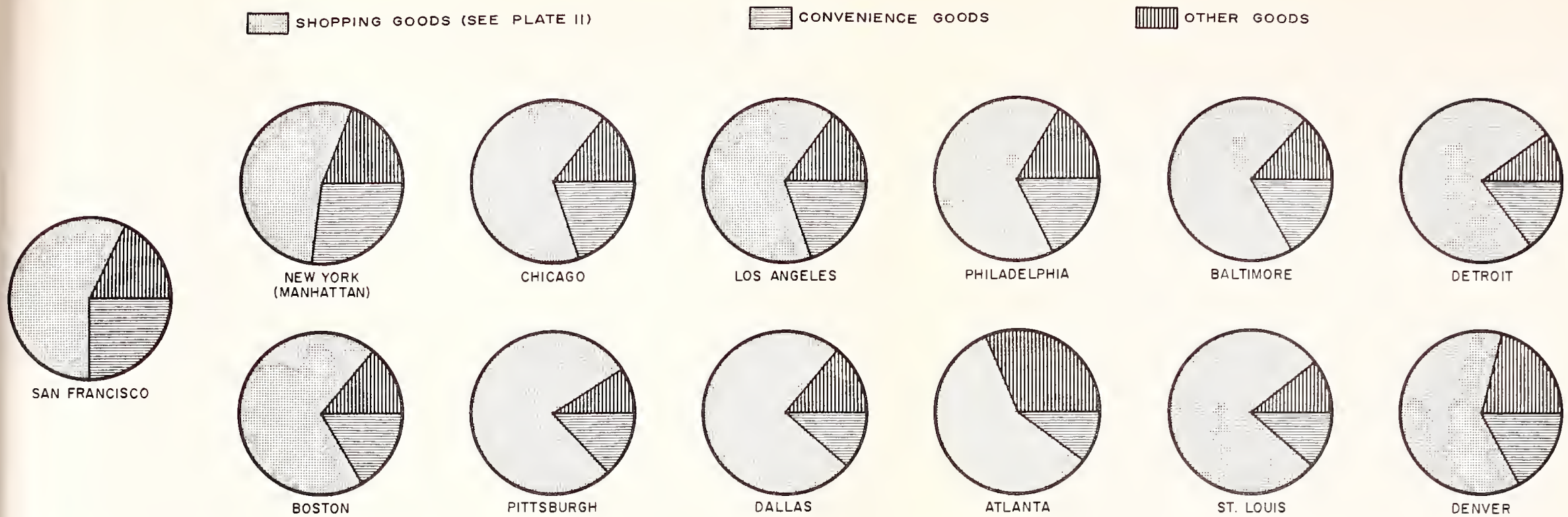
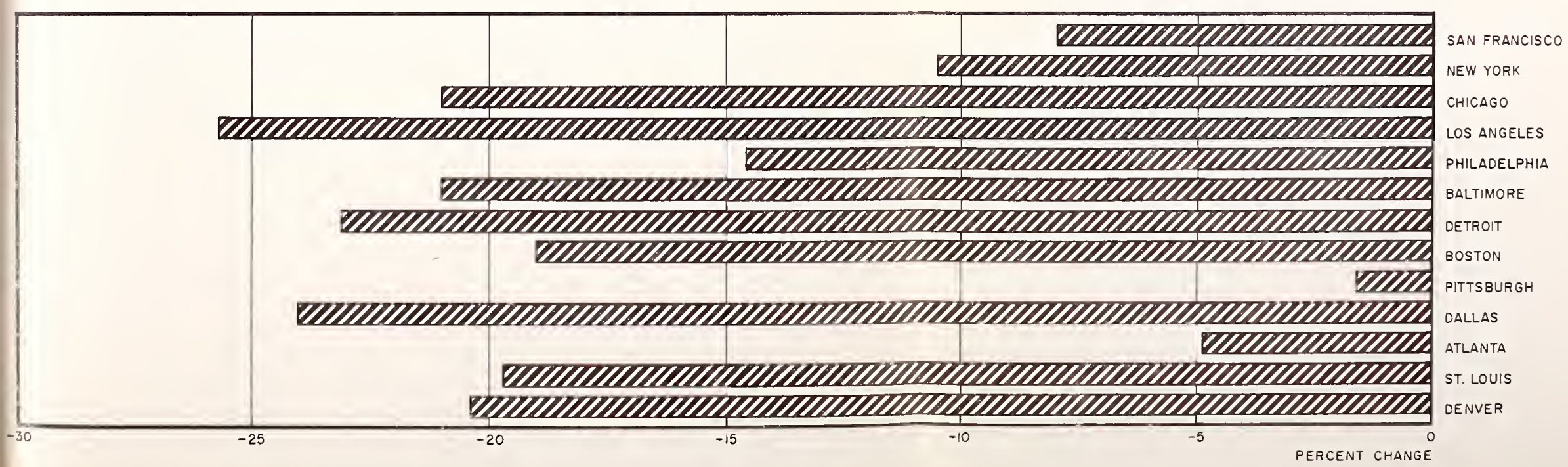


PLATE 10 COMPOSITION OF RETAIL SALES IN CENTRAL BUSINESS DISTRICTS, 1958



Source: Central Business District Statistics, Summary Report, 1958 Census of Business, BC 58-CBD 98 (Revised), U. S. Department of Commerce, Bureau of the Census

PLATE 11 PERCENT CHANGE, 1954–1958: CENTRAL BUSINESS DISTRICT SHOPPING GOODS AS PERCENT OF STANDARD METROPOLITAN AREA SHOPPING GOODS



III. THE DEPARTMENT STORE

In the 1958 Census of Business, seven department stores are listed in Downtown San Francisco. These seven stores, which are only three tenths of a percent of the total retail establishments in the Central Business District, accounted for 25.6% of total retail revenue for the year, 26% of the total payroll for Downtown, and 29.6% of the total number of employees. The importance of the department store to the economy of Downtown San Francisco is evident from these statistics. For this reason, summaries of two important recent studies devoted to a general analysis of the position and the role of the department store in the economy of Downtown are presented here.

The first of these is, The Changing Competitive Position of Department Stores in the United States by Merchandise Lines, by Dr. R. D. Entenberg, published by the University of Pittsburgh Press in 1961. Entenberg's study covers the period 1929 through 1960 and makes use of numerous sources of data to compare personal expenditures by consumers with department store sales in forty-four lines of merchandise carried by department stores.

He notes that while general department store sales (downtown and branch) have been increasing, the relative competitive position of department stores in the total economy has suffered a decline. To maintain a competitive position, department store management has adopted three principal strategies: 1) a cooperative attempt with other merchants to improve the accessibility of their downtown locations; 2) improvement of their own facilities, including expansion, in a limited number of cases; 3) "geographical expansion," by which he means the development of branch stores in suburban areas. Of the three strategies, the last has been the most vigorously pursued throughout the United States.

To be sure, all of these policies, according to Entenberg, have been important to the department store in maintaining that competitive position. However, it is his hypothesis that a most important strategy has been neglected, and this strategy he terms "merchandise line expansion." His study of forty-four lines of merchandise reveals that sixteen lines have demonstrated severe decline in department store sales, although these same lines have shown a tendency to absorb a greater share of the consumer expenditures in overall retail sales in recent years.

His hypothesis is that department store management in its emphasis upon "geographic expansion" as a panacea for economic ailments, has neglected the prime attraction for which the department store has traditionally been noted -- the depth and variety of merchandise lines.

Historically, some of the slower moving lines of merchandise were dropped during the depression years in favor of items whose appeal was to the "moderate price" consumer and hence resulted in greater turnover. This policy worked very well for that era of low income, and for the subsequent war years when merchandise was scarce. But the rise of the discount house and the extensively practiced policy of "scrambled merchandising" by supermarkets and similar retail outlets, and the availability of goods in the postwar era soon exacted a toll of the revenue in moderate priced merchandise formerly enjoyed by the department store. To counter this trend, the management of department stores placed emphasis on the three strategies mentioned above, particularly the construction of suburban branch stores -- the policy of "geographical expansion."

Entenberg noted that, to compete, department stores have further reduced certain lines of quality merchandise in order to recapture the "moderate price market."

This is true not only of branch stores, whose ability to carry a wide variety and depth of merchandise is severely limited by lack of space, but for large downtown stores as well. However, in view of the aggressive policies of discount houses and utilizers of "scrambled merchandising," Entenberg feels that the very strength of department stores for the future years lies in the neglected lines of merchandise expansion, the lines in which a decline in sales volume has been experienced. In his opinion, the major attractions that department stores have to offer are assortment and depth of merchandise and many services to the consumer.

In summary, the position taken in this study is that amelioration of the downtown environment and improvements in accessibility, while important, may not be the sole determinants in improving the competitive position of the downtown department store. These must, in Entenberg's opinion, be accompanied by careful re-assessment of merchandising policies by the management of the department stores themselves with a view towards regaining their original function as the goods bazaar of the city. As Entenberg demonstrates, even the large investment in suburban branch stores has not been sufficient to insure the relative competitive position of the department store.

This is true not only of mature groups where individuals are nearly a match for each other, but also of neophytes in movements likely to last for years, and in which leadership emerges as well. Moreover, in view of the importance placing on "sensation-seeking and willingness to 'participate' in experimental movements," Bunchman feels that the very character of leadership, which has the future power lies in the emotional type of non-conformist temperament, who tends to shift a leader in order to find new experiences. In the meantime, the study of associations and "participant movements" may be helpful and so both of benefit to and many questions in the interest.

In summary, the institution tends to move along the lines which either as the dominant contemporary and important means to accomplishing social objectives, but not in the only direction, due to the growing and progressive position of the dominant movement. There may be considerable evidence to correspond by creating mechanisms of non-conformity politics in the management of the development which illustrates with a view towards maintaining their economic position in the young manner of the city. In Bibliography discussions, as in the Japan movement, a non-urban influence has not been sufficient to change the relative conservative position of the dominant school.

Perhaps, a provision of parklike amenities downtown are of less importance than the provision of a varied assortment of merchandise with respect to kind, quality and price to attract the shopper downtown.

The second study, by Dr. George Sternlieb, The Future of the Downtown Department Store, published by the Harvard University Press in 1962, analyzes the downtown department stores of Philadelphia, Pittsburgh, and Boston, not only with respect to their merchandising policy, but also in the context of the downtown economy and physical surroundings as well.

Sternlieb's own words best summarize his findings:

"In sum, mass transit as the dominant means of transportation made the vast downtown department stores possible. The rise of alternate means of transportation has encouraged a host of competitors to the downtown store. Its offerings are no longer so unique and its concentration of merchandise is less significant, while the difficulties of its situation are compounded by the shifts in population we have noted.

"Hope for the future of the C.B.D. giants must revolve around reducing the size of downtown facilities in order to make practical refurbishing what will remain. This is true not only for the sum of the stores but also

for many of the stores individually. The consolidation must be accompanied by a drive to strengthen the specific pulling power of the downtown stores."

While Sternlieb's observations are scarcely grounds for optimism concerning the future of the large downtown store, and the general retail economy of downtown, he believes that there do exist policies which can ameliorate, if not abate, the loss of the downtown department store's former dominance.

Some of the policies he outlines are directed to the management of the stores; others to public agencies concerned with the well-being of downtown. He advises management (as did Entenberg above) to enlarge the lines of merchandise in order to afford greater variety of selection, quality and price; to reduce facilities and services that cannot carry their weight; not to construct competitive centers within the attractive radius of the downtown parent store; and to return to the downtown department store its former image of value, quality and service. He stresses the need of the store to develop a loyal following that will provide it with continuing support. To the public agencies he addresses the following specific suggestions:

1) Dependence of the community on real estate taxation may work undue hardship on the downtown retail merchant and a balanced tax program ought to be considered. In some cases, tax abatements that would permit downtown stores to modernize their facilities without penalty might be worth-while long term investments for the community.

2) Mass transit facilities must be made attractive to the shopper. To accomplish this, a subsidy may be necessary, but only to the extent that it brings an adequate return.

3) Parking facilities near the core of the C.B.D. are necessary. To ban automobiles entirely is, in Sternlieb's opinion, detrimental, but a balance between pedestrian and auto must be achieved.

4) Urban renewal which is a potentially effective tool in that it may provide for a larger residential population of higher income in the city may have a salutory effect on the vitality of downtown.

(5) The downtown retail shopping district can only suffer from diffusion. In the communities studied, Sternlieb found that too much rather than too little space was used by retail facilities, and he strongly recommends contraction both in terms of land area and individual buildings in order that a compact shopping district be achieved.

(1) Impact upon the community in which [illegible] [illegible] [illegible]

Why have Downtown San Francisco department store sales not kept pace with the metropolitan market volume? The customary answer to this question is to cite the suburban migration and the consequent loss of Downtown customers to suburban branch stores, many of them controlled by Downtown parent stores. The inaccessibility of the Downtown stores, owing to congested traffic conditions and a lack of adequate mass transit, is advanced as a reason for the growing popularity of the regional shopping center whose large parking lots and the relatively uncongested suburban roads make them more accessible to the shopper. Further, the environment of Downtown is often accused of lacking the "finish" and amenity such as the malls, landscaping and art displays, which attract patronage to newly developed shopping centers. The implication of these statements is that given improved accessibility and a pleasant environment in Downtown some of the revenue now lost to the outlying centers might be attracted to Downtown stores once again. It is also a fact that many customers who are attracted Downtown to shop at department stores indulge in other shopping errands at other retail outlets and thus the true patronage of the big store has a tendency to benefit many lesser stores.

Why have Tanzania and Zimbabwe experienced more
radical land gains when the more militant approach failed?
The necessary answer to this question is to view the nation-
alism dimension and its consequent lack of bargaining com-
pulsion to establish limits across, and of those constituted
by internal social dynamics. The characteristics of the
liberation struggle, among an indigenous African population
and a lack of commercial farmers, is obvious in a
search for the greater proportion of the indigenous soci-
ety whose large grazing lots and the tribal-only
commercial subsidies could then have contributed to
the struggle. Instead, the withdrawal of Europeans in
close succession at leaving the "colony" and usually with
as the rule, leaving an yet desirable, more settled
estimates to newly developed cropping lands. The avoid-
ance of those statements in the given involved flexibi-
lity and a planned movement to Portugal and of the
reasons for land in the military contact alone to already
to southern Africa and Kenya. It is also a lack that
many indicators who are advocating towards to stay a
department stance, leading to other changing records in
other social cycles and also the view pointing to the
gap also has a tendency to remain many larger sectors.

Consequently, any improvement in Downtown San Francisco that would add to the sales revenue of the department store would also benefit other merchants. It is, of course, true that improvement in Downtown traffic conditions and some improvement in the appearance of Downtown would render it more accessible and more attractive to the commuting shopper. To this end, the construction of parking garages, the improvement of circulation facilities, the rapid transit system, and the modernization of Downtown facilities will undoubtedly contribute. The extent to which these ameliorative devices will contribute is, however, open to question. Some factions think that so much difference will be made by these environmental improvements that no expense should be spared in their effectuation. These people are the advocates of virtual wholesale redevelopment of the Downtown, a redevelopment that would, in effect, make the Downtown more like a regional shopping center with malls, parks, and all of the other artifacts that characterize the latter development. Since plans embodying large scale "modernization" concepts for Downtown San Francisco will cost a great deal of money to execute, and since much of the expense will have to be borne by the public, it is well to attempt to determine

beforehand the extent to which such environmental alterations will be successful in recapturing Downton's share of metropolitan retail sales, for there may be factors other than environmental ones, as shown in the summaries above, responsible for the decline of the most significant single retail category in Downtown sales.

IV. BUILDING INVESTMENT IN DOWNTOWN SAN FRANCISCO

Introduction

The decision to construct a new building or to renovate an existing building results from the consideration of a number of factors on the part of a potential investor. A principal consideration is that of the appropriate location for investment, for not all sites possess equal value for certain kinds of development. This applies not only to competition for investment in buildings that exists between cities in the metropolitan area, but within the cities themselves, and even within the communities of which the city is composed. The Downtown Study Area, roughly coterminous with the C-3 zone in San Francisco which consists of over 400 acres of land, is not a homegenous area in which investment in buildings is equally attracted to all parts. A prime concern of the Downtown Plan is the identification of those areas where there has been substantial investment in the fifteen years between 1946 and 1961 and those areas where investment has been noticeably lacking. This identification, together with other information developed in the study, will provide a background for decisions in the public and private

domain that may stimulate lagging sectors of Downtown.

To achieve this identification, a study of applications for building permits filed in the Central Permit Bureau in the Department of Public Works was undertaken. Applications for all new construction and for alterations whose estimated cost exceeded $5,000 were reviewed for the period January, 1946, through December, 1961. A systematic street by street search for the entire study area revealed that during the period an estimated $137,000,000 was spent for new construction and $92,000,000 for alterations to existing buildings. However, within the area there exist wide variations in expenditures. The bulk of new building construction by private interests has been limited to the Financial-Administrative District, which consists of less than 10% of the entire study area. Similarly, although there is heavy investment in alterations in both the Financial-Administrative and Shopping Districts, the area west of Powell Street exhibits an estimated average per block investment of $50,000 or less for the entire period.

In order to describe better the results of the research on investment by location, two maps have been prepared from the data. One, Investment in New Structures, 1946-1961, (Plate 13) shows the location of all new

construction for the entire area by location, approximate cost, and period of construction. The other, Investment in Alterations of Building, 1946-1961, (Plate 12) provides information on the approximate total expenditure on alterations by block front for the area. These maps serve as helpful diagnostic guides. From them, further analysis has provided a description of thirteen sectors of Downtown in terms of new building construction and a comparison of investment for the fifteen year period. The results of this analysis are presented in the form of short summaries for each of the sub-areas. The three principal districts, Financial-Administrative, Shopping and Hotel-Entertainment, are those established in this department's 1955 study, Modernizing Downtown San Francisco. The boundaries of other sectors are roughly coterminous with such well-known areas as Nob Hill, Chinatown, Jackson Square, and the Civic Center.

Area Summaries

1. Financial-Administrative District

In terms of both new construction and alterations, this district gave the strongest showing in the Downtown Study Area. In the $1,000,000 and over category of building permits, all of which were for commercial office buildings, the number of new buildings grew from

construction for the entire area by location, approximate cost, and period of construction. The latter, Investment in Alterations of Buildings 1951-1965, (Table 12) provides information on the approximate total expenditure on alterations by block fronts for the area. These maps serve as helpful diagnostic guides. From them, further analysis has provided a description of relative degrees of turnover in terms of new building construction and a compilation of investment for the fifteen year period. The results of this analysis are presented in the form of short summaries for each of the sub-areas. The three principal districts Financial-Administrative, Shopping and Hotel-Entertainment, are those established in the Department's 1963 study, Metropolitan Downtown Land Analysis. The boundaries of other sectors are roughly coincident with such well-known areas as Nob Hill, Chinatown, Jackson Square, and the Civic Center.

Area Summaries

1. Financial-Administrative District

In terms of both new construction and alterations, this district made the strongest showing in the downtown study area. In the years 1951-1965 [illegible] of building permits, [illegible] office buildings [illegible]

one in the period 1946-1950 to nine in the period 1956-1961. Total new permits for all value ranges of construction climbed from 5 in 1946-1950 to 11 in 1951-1955 and to 12 in 1956-1961. Although it is improbable that this tempo of construction of new office buildings will continue, at least three multimillion dollar structures are currently planned for this district. Its attractiveness for major corporations seeking prestige headquarters in the Bay Area is undoubtedly due to its long established reputation as the "Wall Street of the West." Expenditures on alterations show that for three-fourths of the area, investment in alterations averaged over $100,000 per block for the period and in 15% of the area exceeded $1,000,000 per block. Most of the significant alteration has occurred since 1956, a probable response to the construction of new buildings in this district.

2. Retail Shopping District

Only two applications for structures in the over $1,000,000 range were filed in the period 1946-1951. One of these was for a retail establishment, constructed in the period 1946-1950; the second was a parking garage constructed between 1956 and 1961. Two structures of less than $500,000 were built during the period. The Shopping District had considerable activity in alterations, most

of which were for modernization of retail merchandise space. The highest expenditures for alteration of any block in Downtown occurred on Market Street between Fourth and Fifth Streets where the extensive modernization and expansion program of the Emporium-Capwell Company accounted for much of the more than $3,000,000 spent in this block.

3. Hotel-Entertainment District

One structure, a parking garage, was constructed for over $1,000,000 in the 1951-1955 period, followed in the 1956-1961 period by two multimillion dollar hotel structures, the Towne House at the southwestern end of this sector, and the Hilton Hotel, still under construction nearer the center of the hotel concentration. In two-thirds of the area, expenditures for alterations were between $5,000 and $100,000 for the fifteen year period. Expenditures of $1,000,000-$2,000,000 occurred in only 6% of the area, as contrasted with nearly 17% for the Retail Shopping District and 10% for the Financial-Administrative District. The areas of low investment in alterations appear as soon as one travels north from Market Street and west from Powell.

4. Civic Center

All of the five structures estimated to cost over $1,000,000 built during the fifteen year period were

public buildings. The Hastings Law School was built between 1946 and 1950 and the other four, a municipal exhibition hall, an underground parking garage, and two government office buildings, were undertaken in the 1956-1961 period. For over 50% of the area, the investment in alterations ranged from nothing to less than $5,000. Approximately 3% of the area had between $500,000 and $1,000,000 invested. If one discounts expenditure for governmental buildings, this area, devoted primarily to governmental functions, was not attractive to investors in space although land could be acquired for far less in this area than nearer the crowded financial sector. That little attempt was made to modify existing buildings for new uses or to compete for the space market was evidenced by the comparatively low expenditures in alterations to existing buildings.

5. South of Market - East

This area, lying between the extension of the Financial-Administrative District across Market Street and the Embarcadero, was relatively untouched by the building activity of its neighbor. From 1946-1961 only eight applications for new construction were filed; and of those, only one was in the range of $500,000-$1,000,000.

Alterations on Main, Beale, Fremont, First and Second Streets and along Mission Street accounted for the highest proportion of expenditure for alterations and occurred during the period of 1946-1950. Modification and expansion of several office buildings close to Market Street were responsible for most of this investment.

6. South of Market - Central

In this area, lying between New Montgomery and Seventh Streets, there was only one application for new construction filed in the period 1956-1961. This application was for the Fifth and Mission Garage and fell in the $1,000,000 and over category. The inactivity in new construction was paralleled in alterations to existing buildings. In one-third of the area, less than $50,000 was invested in each block front, and for approximately 60% the investment ranged between $50,000 and $100,000. It is worth noting that the expenditure on alteration for this area included not only sums for modifications to buildings, but money spent for paving parking lots as well, which are much in evidence. It is probable that while the Fifth and Mission Garage was of benefit to Market Street, it had little positive effect in stimulating building activity in the area south of Market Street.

7. South of Market - West (Seventh to Tenth Streets)

Although only one application for a building of over $1,000,000 was filed (the Merchandise Mart in the 1946-1950 period), some twenty-nine applications for buildings costing less than $500,000 were filed in the period 1946-1961. These consisted, for the most part, of small industrial buildings and warehouses, the majority constructed in the 1946-1950 period and located south of Mission Street and west of Eighth Street. For approximately one-half of the area studied, investments in alterations lay in the $5,000-$100,000 per block front, with 12% of the area -- near the northwestern end of the district -- receiving $500,000 to $1,000,000 in alterations.

8. Van Ness-Market

This area may roughly be described as lying between Tenth Street, Hayes Street at the southern boundary of the Civic Center area and the Central Freeway off-ramps. Two notable new buildings were constructed here in the period 1946-1961. One, the Bank of America Data Processing Center at the junction of Market Street and South Van Ness Avenue, is the most recent and the most notable in terms of its potential effect on the surrounding area. The second at 150 Oak Street, is the governmental building housing Division Four of the State

Division of Highways. Both of these applications were estimated in the above $1,000,000 category. A third building, an addition to the headquarters of the California Automobile Association, was constructed in the 1956-1961 period at an estimated cost of less than a million dollars. Very little activity in alterations was noted for the area, save along Van Ness Avenue north of Market Street. For almost half of the area the investment was less than $50,000 per block front.

9. West Van Ness

This area lying west of Van Ness Avenue north of the Civic Center between Turk and Sutter Streets had for its principal development, a motor hotel built in the period 1956-1961, and estimated to cost over $5,000,000. Aside from alterations occurring adjacent to this site, the area was notable for inactivity.

10. Jones-Van Ness

This area, largely residential, between Van Ness Avenue and the Hotel-Entertainment Sector, north of the Civic Center Area to Sutter Street, was the largest of all the sub-areas (18% of the Study Area) considered, and in terms of new construction, the least active. Save for the recent (1962) construction of a power substation by the Pacific Gas and Electric Company, only two applications,

each for less than $500,000, were filed for the period. Investment in alteration to existing buildings was correspondingly sluggish, over 90% of the block fronts having less than $100,000 invested in them for the entire period.

11. Nob Hill

In the 1956-1961 period applications for four buildings estimated to cost between $1,000,000 and $5,000,000 were filed. Two of these were important apartment house developments aimed at a high income market, one an addition to one of the City's leading hotels, and the fourth a fraternal organization's auditorium and headquarters. All of these,combined with the completion of Grace Cathedral, have added to the residential and service character of this sector. Although nearly 36% of the area's block fronts had less than five thousand dollars invested in them, approximately 4% of the remaining block fronts were in the $500,000 to $2,000,000 range. The investment climate for Nob Hill, at the edge of Downtown San Francisco but still a significant part of it, was healthy.

12. Chinatown

At the northern end of this district, major investment in public housing occurred, together with the recent construction of a subsurface garage and the

renovation of Portsmouth Plaza which provides an important facility for the Chinatown-North Beach communities. Apart from this public investment, applications for seven new buildings estimated less than $500,000, and one commercial-office building on the southern boundary of the district costing over $1,000,000 were filed. Investment in alterations to existing structures was not spectacular, one-fifth of the block fronts receiving less than $50,000 and almost 60% between $50,000 and $100,000 for the entire period. The block fronts upon which sums between $100,000 and $500,000 were spent were located on Grant Avenue between Sacramento and Pacific Streets and on Washington Street between Kearny and Stockton Streets.

13. Broadway-Jackson Square

This area west of the Golden Gateway Redevelopment Project, between Columbus Avenue, Broadway, and Washington Streets, was subject to considerable remodeling activity in the postwar decades. Along Broadway, a scene of San Francisco nighttime entertainment, expenditures between Montgomery Street and Columbus Avenue lay in the $100,000-$500,000 range, as the various restaurants and night clubs expanded their activities. Pacific and Jackson Streets, and to some extent Washington Street,

became the locus of a thriving wholesale-decorator furniture business, and considerable sums of money were spent on the refurbishing of many older buildings in the area. Although no new buildings of any significance were constructed, this area, a curious mixture of the shabby and the chic, was a thriving one from an investment standpoint.

Summary

The maps, together with the area summaries, demonstrate the uneven distribution of investment in new construction and alterations to existing buildings in Downtown San Francisco. Areas of great strength -- the Financial-Administrative and Shopping Districts and Nob Hill -- contrast markedly with areas such as South of Market-Central, Jones-Van Ness and West Van Ness. It is interesting to note that major investment in new structures is not always followed by corresponding activity in alterations to existing buildings. Thus although no major new construction occurred in the Broadway-Jackson Square area, a major remodeling program boosted investment in alterations in that area. On the other hand, despite the construction of new public buildings in the Civic Center area, no great alteration activity, save for the Golden Gate Avenue blocks nearest the government office buildings, is yet in evidence. Because of

Because the house of a deceased wife-murderer (Mrs. Jones) is vandalized, and consequently there is a money shortage in the household of many other instances in the play, although no new building or tax is mentioned here as in Act I, although, this time, a change in tone of the whole is the play has a lighting one from an informed observation point.

The major, concerned with the area committee, demonstrate the uneven development of industry in the conurbation and attempts to relieve pollution in Gaston and Ironstone. Areas of great activity - the chemical-petrochemical and shipping industries and the [illegible] - produce markedly such areas such as Sonia of Shipbuilding, Ironstone been [illegible] that Sonia. It is interesting to note that major investment in new industry in the Gaston Estuary is concentrating on marketing services. This attempts to make the conurbanization convenient to the [illegible] market area, a major redevelopment [illegible] investment in expansion in that area. In the Ironstone area, despite the construction of new [illegible] industries in the [illegible] area, no great expansion is anticipated. Also, in the Sonia area, the great expansion [illegible] the [illegible] pollution problem, is yet to [illegible]. Because of

locational factors, some areas act as lodestones for new investment, despite the fact that land costs are exceedingly high and that, in many instances, substantial buildings must be razed to create sites for new structures. On the other hand, accessibility, low land costs, and easily acquired vacant parcels seem to have had little influence on the decisions of those investors who sought a site for major buildings in the densely built core of the Financial-Administrative District.

In his comprehensive study of land value in San Francisco and Oakland, Dr. Paul Wendt makes the following observations:

"Large-scale office building construction in downtown San Francisco during the 1950's created intense competition for available sites and stimulated land purchases by investors and speculators. Land assembly operations for major corporate office buildings resulted in exceedingly high prices for many small parcels. Undoubtedly, these operations also encouraged speculation and rising prices for land adjacent or near major developments.

"The relatively limited supply of level land suitable for office building and retail store use in San Francisco was undoubtedly a contributing factor to the strong land market in downtown San Francisco during

Traditional factors, such as the availability of labor and materials, during the 1960 boom could not account for the high rate of increase, in many instances, substantially higher than one could be expected to result in order to encourage the construction industry. On the other hand, accessibility, the land market, and other supplied values, partially also in terms of the influence on the decisions of these investors and suggest a mix of market imbalances in the housing market, in the industrial-commercial-residential direction.

In his comprehensive study of land value in San Francisco and Oakland, Dr. Paul Bemis makes the following observations:

Intensive office building construction in downtown San Francisco during the 1960's created extreme competition for available office and commercial land purchases by investors and speculators. Land assembly operations for major commercial office buildings involved an exceedingly high price for the many small parcels. Consequently, these operations also encouraged speculation and raised prices for land adjacent to these major developments.

The relatively limited supply of level land suitable for office building and related uses may in the immediate one decade, or longer, cause further increases in the price of land. Further, in Oakland, the shortage of land market in Oakland and San Francisco

recent years. This inelasticity in the supply of suitable land was in contrast to the situation in Oakland, where substantial areas of undeveloped land or land occupied by obsolescent structures permitted investors relatively wide latitude in assembling parcels for development."*

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* Paul F. Wendt, The Dynamics of Central City Land Values - San Francisco and Oakland, 1950 to 1960, Research Report 18, Real Estate Research Program, Institute of Business and Economic Research, University of California, Berkeley, 1961.

South Africa. This introduction in the report of authors Sim and Ga in contrast to the situation in Ontario, where subsidized sales of Crown land or land according by conditions attempted practical investors substantial role latitude in developing projects for development to

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* Noel P. Gist. The Economics of Central City Land Values - An Hypothesis and Outlook. ASAE p. 1967. Research Report 18. Ext Agric. Research Economic Institute of Business and Economic research, University of California Berkeley, 1967.

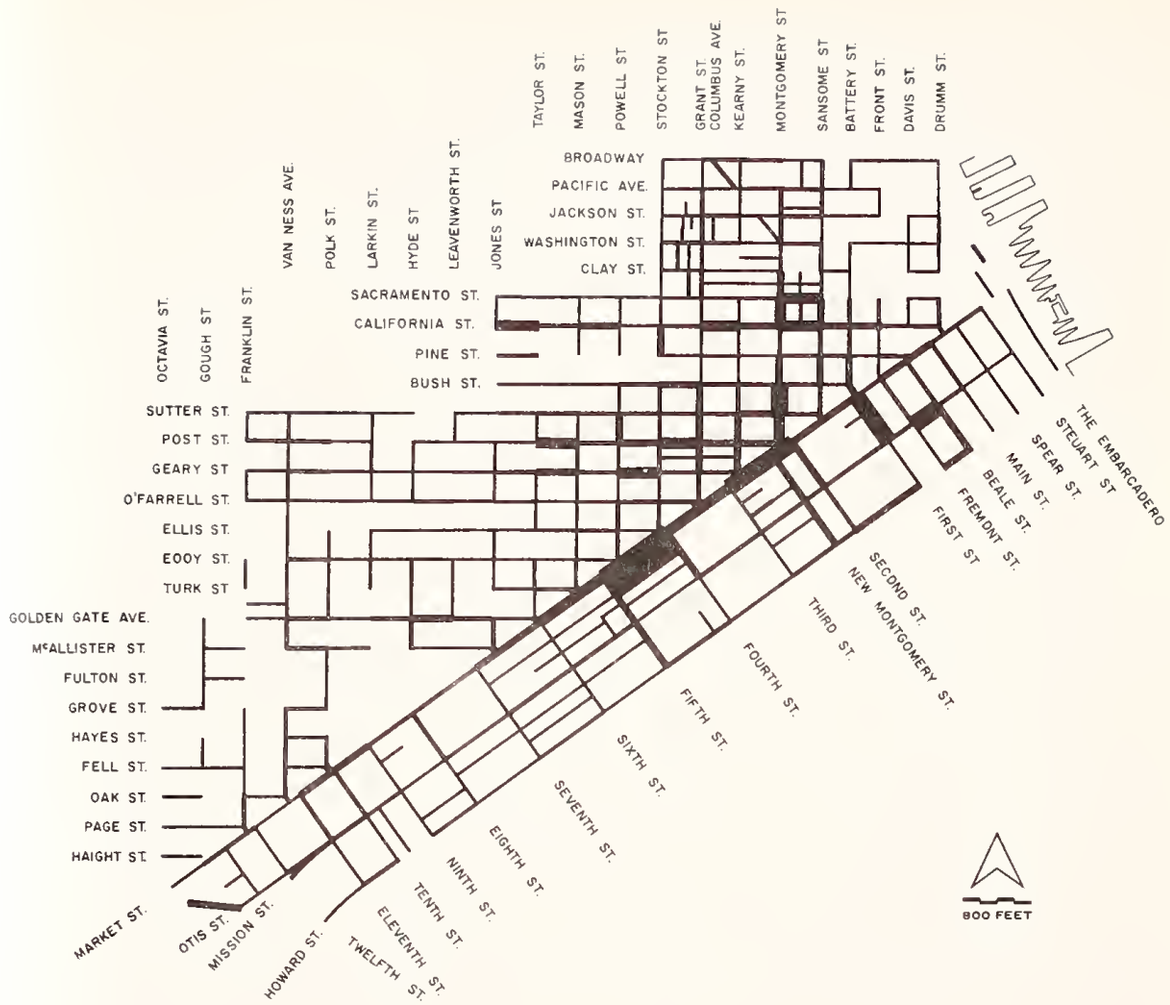


PLATE 12 - DOWNTOWN SAN FRANCISCO
INVESTMENT IN ALTERATION OF BUILDINGS 1946-1961

PLATE 13 - DOWNTOWN SAN FRANCISCO
INVESTMENT IN NEW STRUCTURES 1946-1961

MONEY RANGE

- $5,000-50,000
- $50,001-100,000
- $100,001-500,000
- $500,001-1,000,000
- $1,000,001-2,000,000
- $2,000,001-3,000,000
- $3,000,001-4,000,000
- $4,000,001-5,000,000

Note: For this study, only applications for work estimated to cost more than $5,000 were reviewed

AMOUNT OF INVESTMENT

- OVER $5,000,000
- $1,000,001 - $5,000,000
- $500,001 - $1,000,000
- $100,001 - $500,000
- $50,000 - $100,000
- UNDER $50,000

TIME OF INVESTMENT

- 1946-1950
- 1951-1955
- 1956-1960
- 1961

Source for both plates: Applications for new construction, Central Permit Bureau, Department of Public Works

V. OFFICE SPACE IN SAN FRANCISCO

In October, 1962, San Francisco ranked fourth in the nation in the amount of office space, competitive and non-competitive, as reported by the National Building Owners and Managers' Association. The 17 million square feet recorded did not include an additional 1.8 million square feet used for offices in loft buildings, 2.7 million square feet in governmental offices (including the new Federal Building) and space in buildings not devoted to office functions. From October, 1929, when just over 6 million square feet of office space was reported, to October, 1962, an increase of approximately 11 million square feet, or nearly 300%, had occurred. Between October, 1960, and October, 1962, nearly 2.5 million square feet were reported added, or about 22% of the total increase for the 1929-1962 period. The prospects for the immediate future include an additional 1.8 million square feet in office buildings. These buildings are the Hartford Insurance Building on California Street, the forty-three floor Wells Fargo Building at Market and Montgomery Streets, 111 Pine Street, the new Standard Oil

D. [illegible]

Building on the south side of Market Street, and the Alcoa Building in the Golden Gateway. Other proposals, now tentative, could increase this additional square footage to double that figure. If maximum use is made of the total floor area allowed in the Golden Gateway Redevelopment Project, an additional 2.5 to 3 million square feet might be added. It is possible that land in the South of Market Redevelopment Project area may also be used for office buildings.

Plates 14, 15, and 16, following this section, are graphic illustrations of the trends in office space for San Francisco from 1929 to 1962, office space in twenty-two selected cities for October, 1962, and their vacancy rates in competitive office buildings for the same month.

New York, the leader at 97 million square feet, has eight times the office space reported in San Francisco; Chicago, in second place, about two and a half times as much; and Los Angeles, in third place, has only slightly more reported space than San Francisco. The significance of San Francisco's fourth rank becomes apparent when population figures for the cities mentioned are cited. New York, in 1960, had a population of 7.8 millions; Chicago, 3.5 millions; Los Angeles, 2.5 millions; and San Francisco,

742,000, considerably less than the three cities ranking higher in reported office space. Philadelphia, whose 1960 population was 2 million, reported approximately 1 million fewer square feet than San Francisco. Detroit, in seventh place with 9 million fewer square feet reported, had a 1960 population of 1.7 million, or better than twice that of San Francisco population.

Clearly, San Francisco's high rank cannot be explained on the basis of its population. Rather, the amount of office space reported is indicative of San Francisco's role as a metropolitan, regional, and even national financial and administrative center.

Impressive though the quantity of office space contained in an inventory may be, by itself the figure tells the reader nothing of the extent to which space is utilized. Utilization of space in competitive office buildings is measured by the vacancy rate -- the ratio of the amount of available space on the market at the time of the survey to the total amount of competitive office space. Generally, a high vacancy rate indicates a slack market in which demand is not sufficient to absorb the available floor space. This condition is sometimes the result of speculative construction of office building space based on an overoptimistic forecast of demand.

However, a high vacancy rate may also indicate a temporary oversupply of space either because of new construction or movement of tenants from older to newer quarters. Such a supply may well be absorbed at the time of the next survey. The magnitude of the vacancy rate may tell whether the vacant space is a temporary burden on the market or is a symptom of long term weakness. An extremely high rate may indicate the latter, for both old and new stock would probably be affected. A shortage of available office space indicated by an extremely low vacancy rate, may be a serious deterrent to the healthy growth of a city's economy, and such a situation may call forth drastic measures to replace obsolescent structures with newer and more attractive space.

A rule of thumb measure of an excessive vacancy rate used in the real estate market is a rate in excess of 10%. An acceptable vacancy factor has been set by the Western Real Estate Research Corporation at 5% in their 1958 Market Re-Analysis of Redevelopment Area E.

The average vacancy rate for the 22 cities studied was approximately 8.5% in October, 1962. San Francisco's vacancy rate had declined from 9.3% in 1960 to 7.4% in 1962, an indication that space made available by new construction was indeed being absorbed. At

7.4% San Francisco exceeded the standard figure of 5% set by the Western Real Estate Research Corporation, was lower than the average by 1.1% and comfortably below the 10% "danger mark" by 2.6%. Los Angeles, on the other hand, appears to have an excessive vacancy rate of nearly 12%. Other cities studied which exceeded the 10% figure were St. Louis (13.4%), Fort Worth (19.3%), and Oakland (15.9%). Cities having vacancy rates below 5% included Washington, D.C., (.54%), New York (2.9%), Boston (4.6%) and New Orleans (4.45%). The very low vacancy rates of Boston and New Orleans may indicate a lack of incentive to invest in new construction in those communities.

San Francisco seems, at present, to enjoy a favorable market for office space. New space appears to be absorbed soon after it becomes available, indicated by the fact that its vacancy rate remains below both the average of the cities studied and the 10% "danger mark." There appears to be an adequate incentive for the private investor to create new stocks of space for the competitive office market.

What has the office building to do with the economy of Downtown? An answer to this question may be found in a quotation from a recent study by the land

economist, Dr. Paul Wendt, The Dynamics of Central City Land Values - San Francisco and Oakland, 1950-1960, published by the University of California in 1961.

"High levels of office building construction and continued patronage of San Francisco as a center for prestige shopping and entertainment seem to have been the dominant elements in maintaining a rising level of daytime population and retail sales in the central business district of San Francisco. The limited supply of sites suitable for office and hotel construction in San Francisco has fostered intense competition in the assembly of land and rising prices over the past decade."

It appears that the office building is an important, if not a major element in the strength of San Francisco's Downtown and that the construction of new office buildings continues, despite the considerable addition of space within the past decade. Wendt believed in 1961 that further expansion would occur in business activities and property values, and that the office building was symptomatic of San Francisco's established role of financial and administrative center for the Bay Area. In 1963, his conclusion continues to appear well-founded in fact.

PLATE 14 · OFFICE SPACE IN SAN FRANCISCO

ADAPTED FROM WENDT, "THE DYNAMICS OF CENTRAL CITY LAND VALUES, 1950 TO 1960" TABLE 10, PAGE 24 AND BROUGHT CURRENT FROM SKYSCRAPER MANAGEMENT 1962 BUILDING SPACE SURVEY

PLATE 16 · VACANCY RATES IN COMPETITIVE OFFICE BUILDINGS FOR SELECTED CITIES

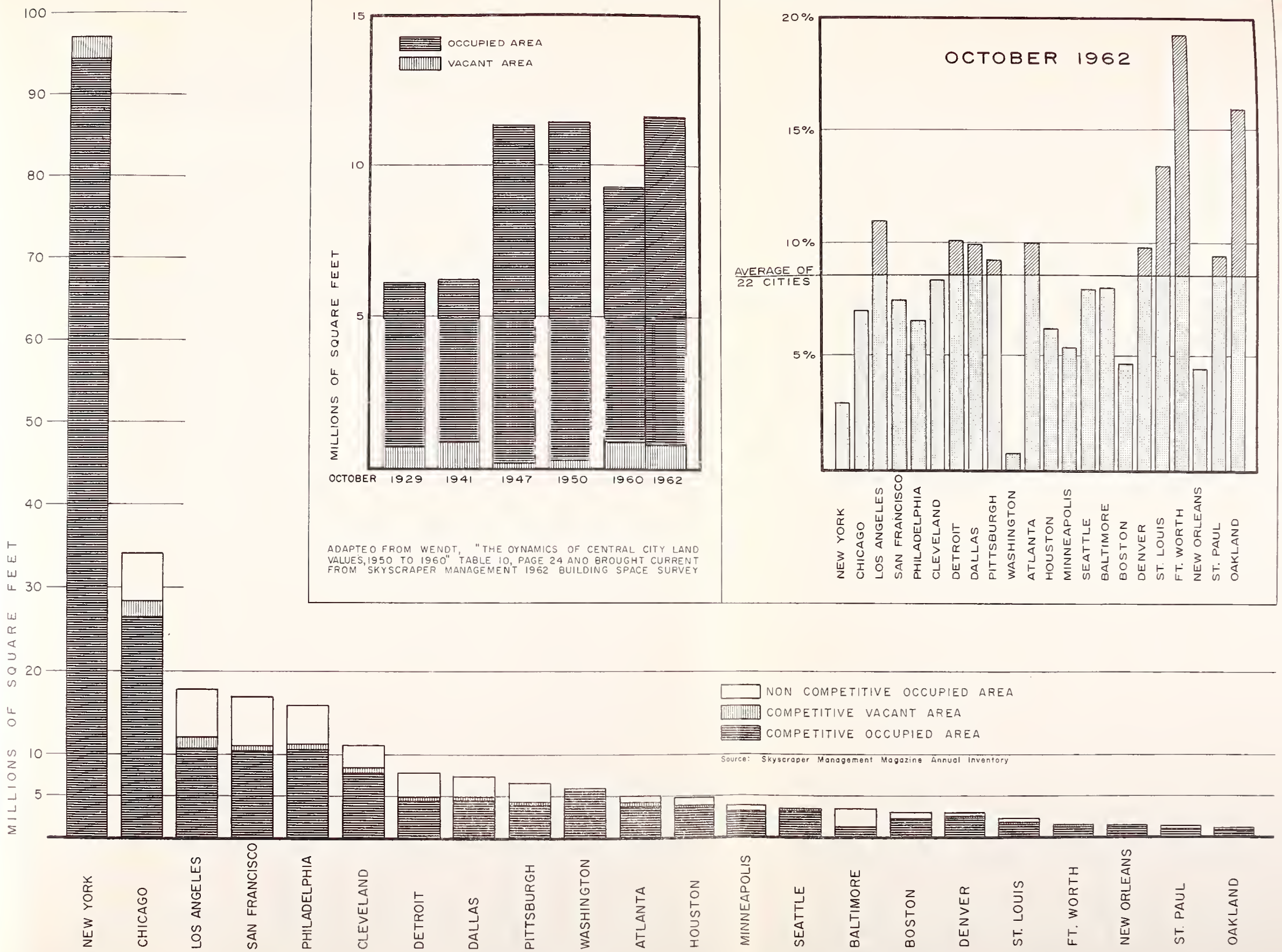


PLATE 15 · OFFICE SPACE IN TWENTY-TWO SELECTED CITIES, OCTOBER 1962

VI. DOWNTOWN SAN FRANCISCO'S BUSINESS ESTABLISHMENTS AND THEIR LOCATIONS

To gain an idea of the changes that have occurred in the location of various downtown activities over a period of time, the years 1953 and 1961 were selected for study (1953 being the first year in which the City Directory provided listings by address). As in the study of investments in buildings, a systematic search of each street in the study area was conducted. In most cases, businesses were readily classified on the basis of the information given in the Directory according to the Standard Industrial Classification Manual. From the data collected, maps for each category were prepared and they demonstrate the distinct centers of different kinds of businesses in Downtown. A comparison of these maps with those prepared for the study of investment in buildings is an excellent indication of the importance of site for a particular activity and the identification of activities which tend to congregate in the core of Downtown. The study does not indicate the size of the establishment or the number of employees. However, the other measures, particularly the summaries of employment and retail trade

discussed earlier in this report, provide the reader with a sense of the relative importance of the business activities described. Except for New Montgomery Street, Market Street was the southern limit of this study. In the summary that follows, and on the maps at the end of this section (Plate 17), the Standard Industrial Classification (S.I.C.) letters and numbers are used to further identify each kind of business included in the study.

SUMMARY BY KIND OF BUSINESS

S.I.C.D. - Manufacturing (not including S.I.C. 27 Printing)

No. in 1953	No. in 1961	% of Change
310	215	-30.3

Downtown manufacturing consists for the most part of small concerns using inexpensive loft or office space for their activities. In Chinatown, the major industry is garment manufacturing, carried on by small subcontractors on virtually a handicraft basis. To the east, in the Broadway-North Beach area, food processing concerns and an occasional carpentry establishment are principal concerns left following the exodus of heavier metal working industries displaced by the Golden Gateway Redevelopment Project. In the heart of the Central Business District between Post and Market, Stockton and Kearny Streets, is found a large congregation of upper floor manufacturers,

[illegible]

principally engaged in the jewelry trade. In the west, near Van Ness Avenue, concerns manufacturing small parts for automobiles are still to be found, though their number is declining. Generally, the number of manufacturing firms in Downtown is diminishing, a trend that will probably be accelerated as changes in manufacturing technology eliminate the craft-oriented industry, as the cost of space for manufacturing increases, and as the congestion of traffic makes deliveries of materials and products increasingly difficult.

S.I.C. 27 - Printing, Publishing and Allied Trades

No. in 1953	No. in 1961	% of Change
362	355	-1.9

This industry is one with a long tradition in San Francisco's Downtown. While job shops are found scattered throughout the study area, a high degree of concentration exists in the area generally described by Kearny Street on the west between California Street and Broadway, and by Battery Street on the east, with an additional locus of publishers' representatives on Market Street between Pine and Sansome Streets. Between 1953 and 1961, a displacement of a number of firms by the Golden Gateway Redevelopment Project occurred. Some of the larger firms have moved to more spacious sites in the industrial areas

in and out of the City, but it would appear that the small shop has simply migrated west in an effort to remain close to its principal clients in the Financial-Administrative Center. The decline in the number of establishments from 1953 (362) to 1961 (355) is very slight. The largest single employers are, of course, newspaper publishers, whose plants were not within the study area. It seems probable that with the growth of the communication industry, Downtown San Francisco, like Manhattan, will remain an important center particularly for the specialty printing house.

S.I.C.E. - Transportation, Communications and Utilities (except S.I.C. 47)

No. in 1953	No. in 1961	% of Change
287	323	+12.5

In this category are included such diverse activities as deep water shipping, railroad and airline companies, telephone, radio and television networks, and public utility concerns distributing gas and electricity. Of all of these, the most significant share of entries, if not of employment in Downtown San Francisco, are those connected with transportation. The offices of most water transportation companies are located near the waterfront in an area bounded by Montgomery, California and Market Streets. Offices of almost every railroad line in the

United States, most of them concerned with trans-shipment and freight forwarding activities, are to be found in the Monadnock Building on Market Street, not far from the headquarters of the West's major railroad, the Southern Pacific Company. Another focus of activity may be found in the Union Square area. Here are the offices, administrative and customer service, of the world's major airline companies. This industry, a relative newcomer, has flourished since the Second World War and its growth is proportional to the growth of San Francisco as a major air terminus. It is interesting to note the influence of tradition upon the location of the major forms of transportation. Steamship lines and railroads, intimately linked with one another, retain their location near the waterfront close to the dock area and to each other. With them are found their auxiliary activities -- customs brokers, cargo insurers freight forwarding agents, and transportation equipment dealers. The airlines on the other hand, having no need of extensive terminal facilities Downtown, originally located near the Union Square hotel area, where they were convenient to the traveling public.

While various members of the communications industry are to be found throughout Downtown, a node for the broadcasting networks exists near Mason and O'Farrell where several major studios are located.

S.I.C. 47 - Transportation Services Establishments

No. in 1953	No. in 1961	% of Change
157	289	+84.0

This category is composed of such enterprises as travel agencies, freight forwarders and ticket offices. The category as a whole has increased significantly since 1953, probably reflecting the growth of tourism as a major industry. From the standpoint of location, it appears that it has flourished most in those areas which contain the offices of transportation companies, Union Square and Market Street between Second and Third being principal nodes of this activity.

S.I.C. 50 - Wholesaling - With Stock

No. in 1953	No. in 1961	% of Change
326	280	-14.1

Wholesale activity in which the inventory is carried on the premises is significant in those areas where space is relatively cheap. There has been a decline in the general category since 1953, reflecting, in some measure, the displacement of waterfront wholesalers by the Golden Gateway project. The Broadway-Jackson Square Area now is the center for wholesale decorator and furniture activity; the area north of Jones Street just east of Van Ness Avenue still contains many auto parts supply houses; and Chinatown has its importers and wholesalers of oriental merchandise.

In the heart of Downtown may be found highly specialized wholesale houses maintaining inventories which, while physically small, are significant items in the economy of the city and region. Jewelry, milliners and dressmakers supplies, surgical instruments, optical goods are representative of this sort of activity.

S.I.C. 50 - Wholesaling - Without Stock

No. in 1953	No. in 1961	% of Change
2363	1970	-16.6

Brokerage houses, commission merchants, manufacturers' representatives, and display rooms describe this important category. In general, no inventory is carried and the principal functions of the offices in which business is transacted are sales and administrative work. As might be expected, this is an important activity in Downtown San Francisco and is located in the heart of the Financial-Administrative District between California, Market and Kearny Streets. Important sub-centers are to be found on Market Street between Third and Fifth Streets and at the Merchandise Mart farther west on Market between Ninth and Tenth Streets.

S.I.C. 52 - Hardware Stores

No. in 1953	No. in 1961	% of Change
55	28	-49.0

A relatively unimportant category in Downtown

San Francisco, most of the outlets are found in the Chinatown area, with an occasional establishment west of Jones and north of Turk Streets.

S.I.C. 53 - General Merchandise

No. in 1953	No. in 1961	% of Change
47	38	-19.1

The major retail employers of the Downtown area, the department stores and limited price variety stores are found along Market Street and between Kearny, Powell and Sutter Streets. A minor group of such retail uses are found in Chinatown.

S.I.C. 54 - Food Stores

No. in 1953	No. in 1961	% of Change
269	265	-1.4

A concentration of food stores is in evidence in the Chinatown area which serve the specialized needs of that neighborhood. Food stores located the length of Market Street serve a variety of pocketbooks and tastes. Elsewhere a fairly uniform scattering throughout the residential portion of Downtown attests to their primary function of providing convenience goods for nearby residents.

S.I.C. 55 - Automobile Dealers and Allied Products

No. in 1953	No. in 1961	% of Change
117	76	-35.0

A decline in the number of automobile dealers

has occurred since 1953. The major focus of activity remains the area on Van Ness Avenue between Sutter and McAllister Streets, with a minor sector primarily devoted to the retailing of automotive supplies in the area bounded by Fell, Gough and Market Streets.

S.I.C. 56 - Apparel and Accessories

No. in 1953	No. in 1961	% of Change
567	437	-22.9

In the preceding analysis of retail trade, the strong metropolitan position of this business category was noted. The location of the great majority of Downtown apparel stores, in an area bounded by Mason, Sutter and Market Streets, with the major concentration of this group on Grant Avenue and along Post Street to Union Square. Although a contraction in the number of establishments in this category has occurred since 1953, the missing establishments were for the most part located on the fringes of the shopping core of Downtown and do not represent the strong contenders for metropolitan trade.

S.I.C. 57 - Home Furnishings, Appliances, Record and Music Stores

No. in 1953	No. in 1961	% of Change
98	104	+6.1

These stores, scattered throughout the Downtown area, have shown an increase since 1953. This, however,

is due primarily to the growth in the record and music store business, for home furnishings stores as such have suffered a reduction in the number of outlets since 1953.

S.I.C. 58 - Eating and Drinking Establishments

No. in 1953	No. in 1961	% of Change
843	904	+7.2

The third most important category of business, in terms of share of retail sales, eating and drinking establishments, has strong concentration in Chinatown, the Broadway-North Beach Area, the heart of the Financial District, and the West of Powell Area near Market Street. In addition to these focal points, there is a general diffusion of restaurants and eating places throughout Downtown San Francisco.

S.I.C. 59 - Miscellaneous Retail

No. in 1953	No. in 1961	% of Change
979	841	-14.0

In this category of specialty shops that sell everything from diamonds to drugs, concentrations are found. Among them are the curio shops of Grant Avenue, the jewelry and expensive gift shops of Post Street as it approaches Union Square, the variety drug stores and salvage shops that line Market Street from Fourth to Seventh Streets, and a cluster of shops in the Polk Street District.

S.I.C. G - Financial Services

No. in 1953	No. in 1961	% of Change
1641	1853	+12.9

This general category which includes banking (S.I.C. 60), credit agencies other than banks (S.I.C. 61), security and investment firms (S.I.C. 62), insurance carriers (S.I.C. 63), insurance agencies (S.I.C. 64), and real estate agencies (S.I.C. 65) may, with minor exceptions, be spoken of as one, for its location has been, and remains, Montgomery Street between Market and Sacramento Streets and the area on either side -- one block to the east and one to the west -- of Montgomery Street. The obvious predilection of major organizations in the financial world for this location is exhibited by the recent tendency of large banking and insurance firms to be as close to it as possible, regardless of the disadvantages of congestion and high building costs. Banking, security and investment firms, insurance carriers and agencies have traditionally located on or near the Montgomery Street axis. Recently, some savings and loans firms, long oriented to the neighborhoods which they serve, have begun to move their headquarters offices to the vicinity of the Financial District. They have been joined in recent years by credit agencies other than banks, though these appear to continue to be

oriented more to their customer than to be attracted to the "Wall Street of the West." It is interesting to note that the clerical functions handled by electronic calculators can be relegated, as in the case of the Bank of America, to a lower cost site outside the core of the Financial District. It is equally important to note, however, that the administrative offices remain Downtown and that data processing, while removed, is not too very far removed from them.

S.I.C. 70 - Hotels, Rooming Houses, and Other Lodging Houses

No. in 1953	No. in 1961	% of Change
393	354	-9.9

The majority of hotels and lodging places are found west of Powell Street and north of Golden Gate Avenue. With the exception of the Sheraton Palace, hotels tend to be absent from the Financial-Administrative and Shopping Districts. The famous first line hotels are generally found near Union Square and on Nob Hill; many smaller hotels and lodging places are found in the West of Powell area along such streets as Eddy, Ellis and O'Farrell.

S.I.C. 72 - Personal Service Establishments

No. in 1953	No. in 1961	% of Change
828	809	-2.3

These are, in general, found evenly diffused throughout the residential sector of Downtown, although

there is a noticeable concentration of them near Union Square on Post and O'Farrell Streets consisting principally of beauty shops and allied services.

S.I.C. 73 - Miscellaneous Business Services

No. in 1953	No. in 1961	% of Change
748	852	+13.9

Such establishments range from the temporary clerical help agency to the major and nationally known advertising firm. Their principal clients are offices and corporate headquarters located in the Financial-Administrative District, and, as a consequence, the heaviest concentration of these business service establishments is to be found in the area between Kearny, Sacramento, Sansome, and Market Streets. From 1953 to 1961 a growth in the number of establishments has been noted, in particular between Second and Sixth Streets on Market Street, as well as in the heart of the Financial District.

S.I.C. 75 - Automobile Services, Including Gasoline Stations and Parking

No. in 1953	No. in 1961	% of Change
203	276	+35.9

This activity, accelerated and aggravated by the increased use of the automobile, has no particular locus but is evenly distributed throughout the study area. However, the repair functions tend to be more noticeable in the Larkin-Van Ness Area.

S.I.C. 76 - Miscellaneous Repair Services

No. in 1953	No. in 1961	% of Change
105	126	+20.0

Although these services are, in general, evenly distributed throughout the study area, a group appears in the district bounded by Grant, Stockton, Post and Market Streets. Here may be found specialists in camera and optical instrument repair, jewelry setting, and similar skilled work.

S.I.C. 78 - Motion Picture Exhibition and Distributors

No. in 1953	No. in 1961	% of Change
101	69	-31.7

The effect of the inroad of television on the motion picture industry is marked in both distribution and exhibition of films. Golden Gate Avenue, from Market to Larkin Streets, Hyde Street from Golden Gate Avenue to Eddy Street, the principal distribution center, shows a marked decline in the number of establishments. Between 1953 and 1961, some neighborhood movie houses in Downtown San Francisco succumbed, leaving Market Street west of Fifth, and the Chinatown-North Beach Area centers of motion picture exhibition activity. Of the new theatres that have been constructed, all are small houses catering to a limited market.

S.I.C. 79 - Amusement and Recreation Services

No. in 1953	No. in 1961	% of Change
74	83	+12.2

These services, ranging from the legitimate theater to billiard parlors and the penny arcade, experienced a slight increase from 1953 to 1961. Their highest concentrations are found on Kearny Street, between Washington and Pacific Streets, Market between Fifth and Seventh Streets, and in the area between Powell, Taylor, Eddy and Turk Streets.

S.I.C. 80 - Medical and Other Health Services

No. in 1953	No. in 1961	% of Change
1692	1385	-18.1

Although there has been a decrease in this category, the area between Geary, Grant, Bush, and Mason Streets remains the "medical center" of San Francisco. Further emigration of medical services from the Central Business District may be expected as outlying medical centers expand their facilities. A fact not recorded on the map that is of interest is that branches of the profession and allied pursuits tend to band together in single office buildings. Thus 450 Sutter consists primarily of physicians and surgeons; another building has dentists and dental laboratories as its tenants, and in still another, Christian Science practitioners.

Fig. C. 19 - Accounting and Auditing Services

No. in 1953	No. in 1961	% of Change
16	23	+43.8

These accounts, coming from the industries the-
ater in Hillfred perhaps and the penny stands, experienced
a slight increase from 1953 to 1961. Their highest con-
centrations are found on Monroe Street, between Washington
and Pacific streets, along Jefferson, Fifth and Seventh
Streets, and in the area between Powell, Taylor, Polk and
Park streets.

Fig. C. 20 - Medical and Other Health Services

No. in 1953	No. in 1961	% of Change
1041	1305	-18.1

Although there has been a decrease in this cate-
gory, the area between Geary, Ocean, Bush, and Mason
Streets remains the "medical center" of San Francisco.
Further migration of medical services from the central
business District may be expected as outlying medical
centers expand their facilities. A fact not recorded on
the map that is of interest is that brackets of the pro-
fession not allied practice tend to move together in
single office buildings. This also suggests centrali-
zation of physicians and surgeons, another building the
dentists and dental laboratories as the "center", and in
still another, Christian Science practitioners.

S.I.C. 81 - Legal Services

No. in 1953	No. in 1961	% of Change
1168	1105	-5.4

Although lawyers' offices are not confined to the district between Kearny, Sacramento, Battery and Market Streets, there is no doubt that this area contains many of the city major law firms, and smaller law offices. The proximity to major corporate offices for whom many lawyers do most of their work and the prestige of a Montgomery Street location are important factors in this concentration.

S.I.C. 82 - Educational Service Establishments

No. in 1953	No. in 1961	% of Change
57	73	+28.0

For the most part, the establishments represented in this category consist of trade schools, such as hair-dressing academies, radio and television repair instruction, stenographic and secretarial colleges.

These establishments sought quarters throughout Downtown, many locating where low rentals favored their operation. Some of the more prestige-conscious were found in the vicinity of Union Square. New establishments were generally found west of Kearny Street. The disappearance of many establishments found in 1953 and the appearance of

new establishments in 1961 may indicate two aspects of this industry: 1) a high percentage of turnover facilitated by easy entry into the market and equally easy failure; 2) the movement of more successful enterprises from low cost quarters to more prestigious, and hence more expensive, locations. For the most part, these schools locate in high pedestrian volume areas, such as Market Street west of Fifth, and the Downtown Shopping District.

S.I.C. 86 - Non-Profit Organizations

No. in 1953	No. in 1961	% of Change
699	815	+16.5

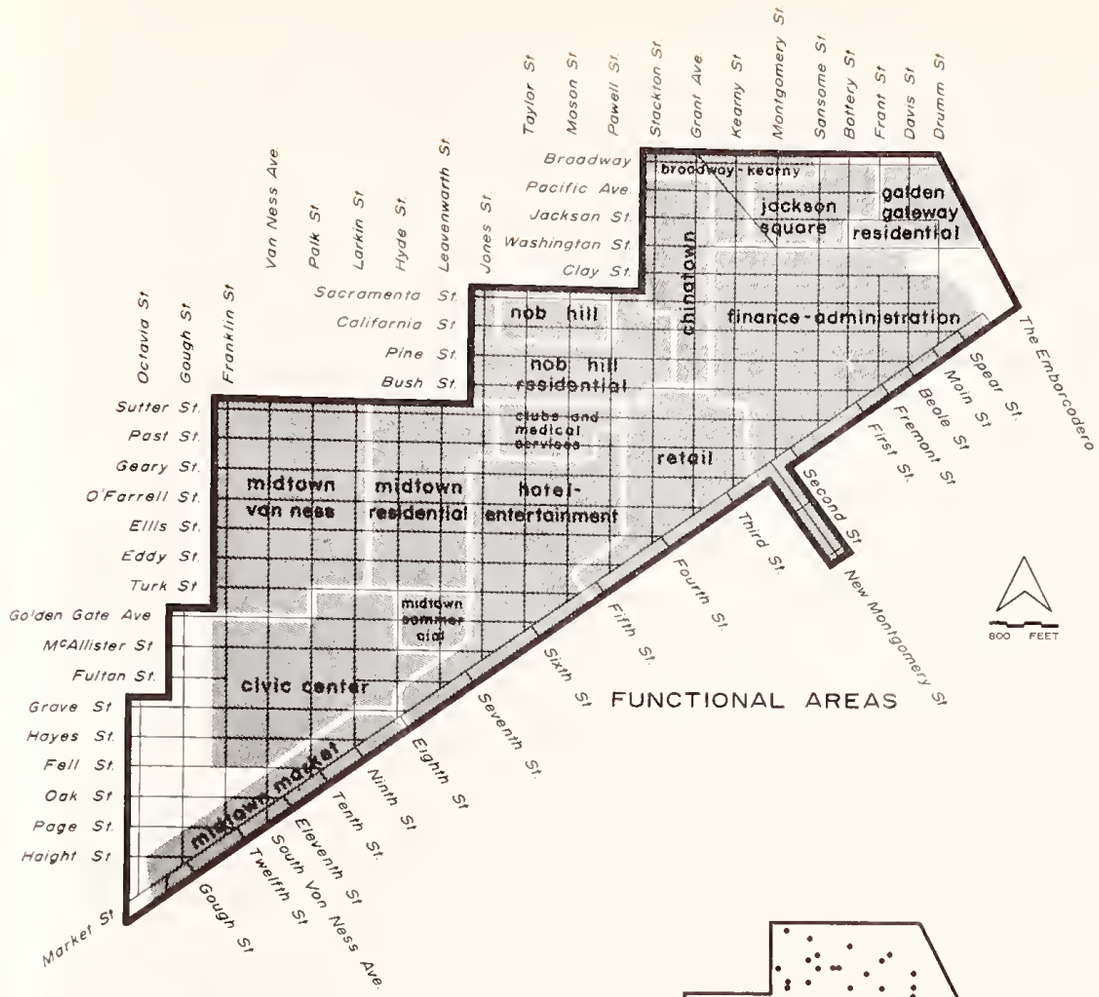
A significant increase in the number of these organizations, which consist of charitable foundations, labor unions, industrial promotional groups, family societies, and the like, occurred between 1953 and 1961. The family associations in Chinatown constituted an important, and traditional, focus of this activity. In the Financial District the philanthropic foundation was much in evidence, as were those organizations aimed at the commercial advancement of their members. In 1961 labor organizations Downtown remained closely linked to their 1953 locus near the Civic Center.

S.I.C. 89 - Miscellaneous Services

No. in 1953	No. in 1961	% of Change
797	922	+15.6

Architects, engineers and various consultants were mostly found on the borders of and within the Financial-Administrative District, in the area defined by Kearny and Sansome Streets, California and Market Streets, and between First and Fourth Streets on Market. It is probable that this preference for location stems from the fact that their clients are firms in the Financial-Administrative District, and that it is advantageous to be near them.

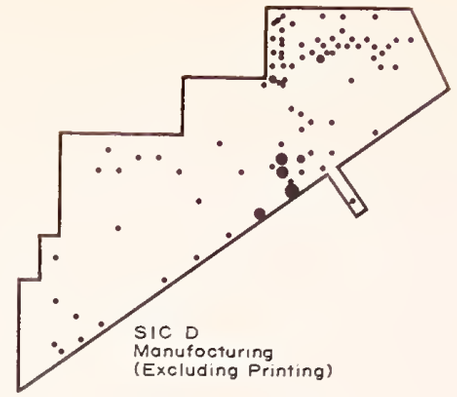
PLATE 17 · GENERALIZED LOCATION OF SELECTED BUSINESS ESTABLISHMENTS WITHIN DOWNTOWN SAN FRANCISCO, 1961



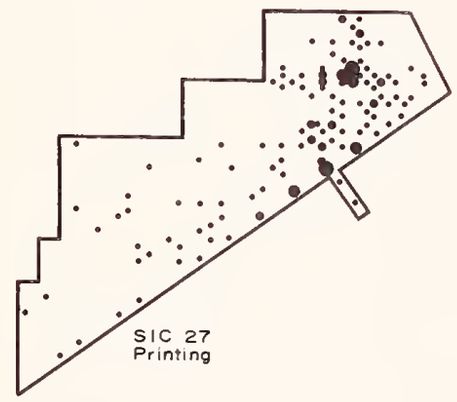
FUNCTIONAL AREAS

SIZE OF DOT INDICATES NUMBER OF ENTRIES

- 1 - 4
- 5 - 9
- 10 - 19
- 20 - 49
- 50 - 99
- 100 AND OVER



SIC D
Manufacturing
(Excluding Printing)



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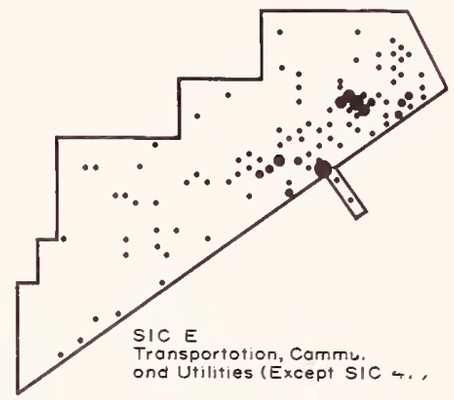
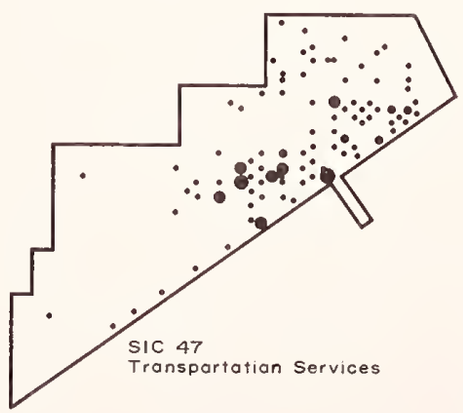
Printing



SIC E
Transportation, Commu.
and Utilities (Except SIC 4.,



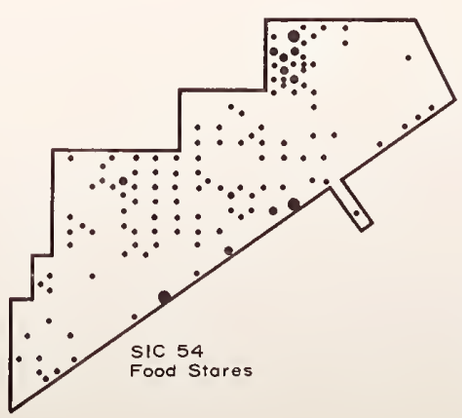
SIC 47
Transportation Services

SIC 50
Wholesale Trade
(with Stock)

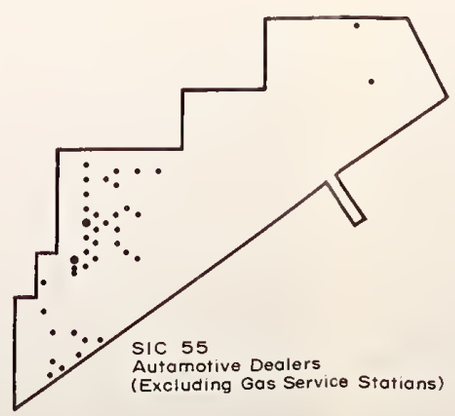
SIC 50
Wholesale Trade
(without Stock)

SIC 52
Hardware Stores

SIC 53
Retail Trade,
General Merchandise

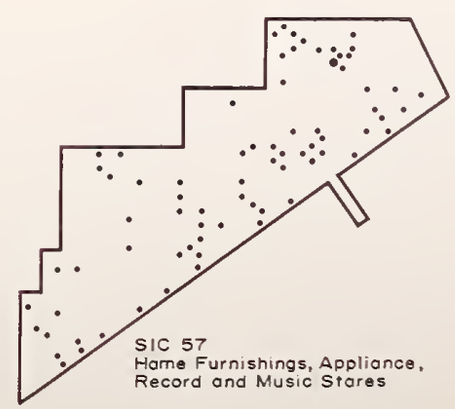


SIC 54
Food Stores



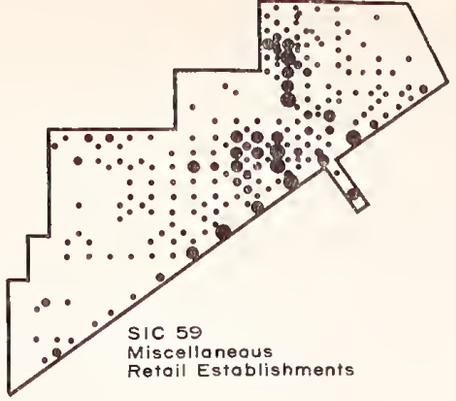
SIC 55
Automotive Dealers
(Excluding Gas Service Stations)

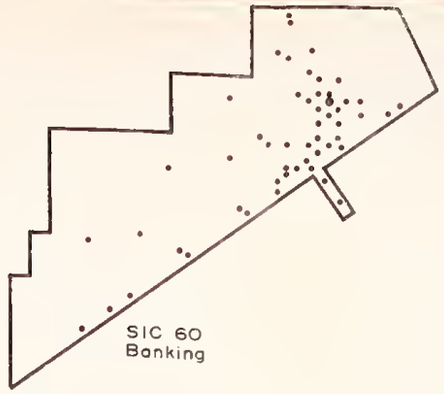
SIC 56
Retail Trade,
Apparel and Accessories

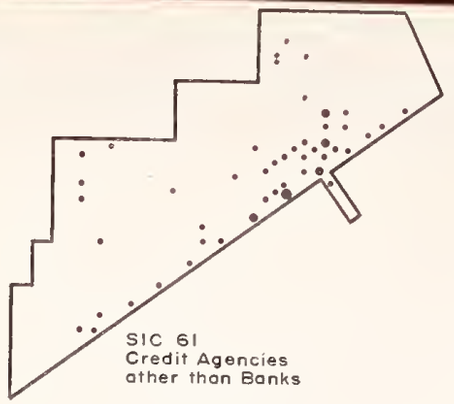


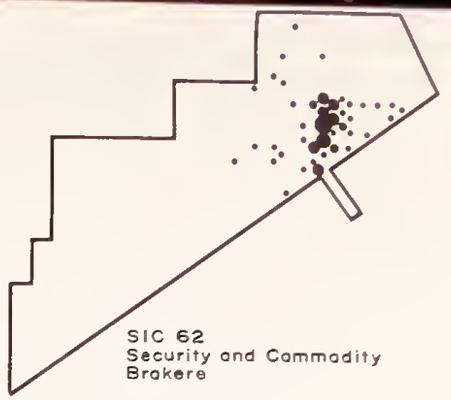
SIC 57
Home Furnishings, Appliance,
Record and Music Stores

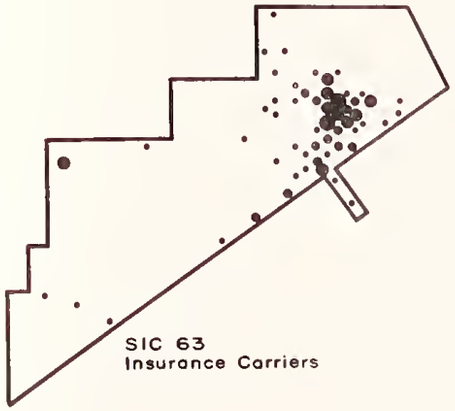

SIC 58
Eating and Drinking
Establishments

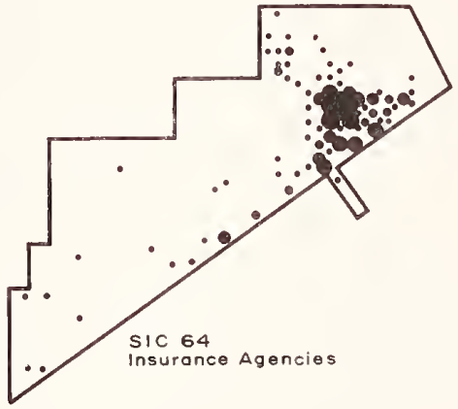

SIC 59
Miscellaneous
Retail Establishments

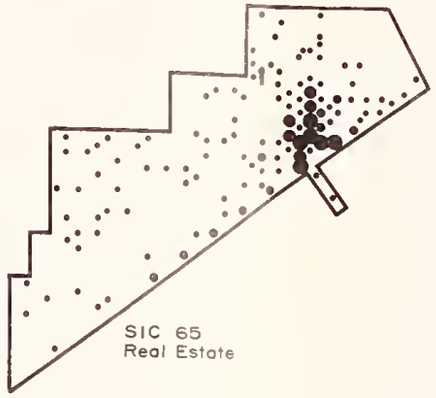

SIC 60
Banking

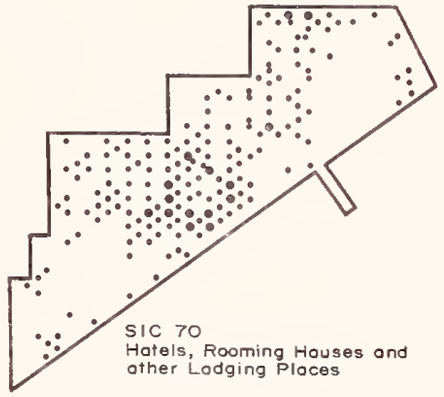

SIC 61
Credit Agencies
other than Banks

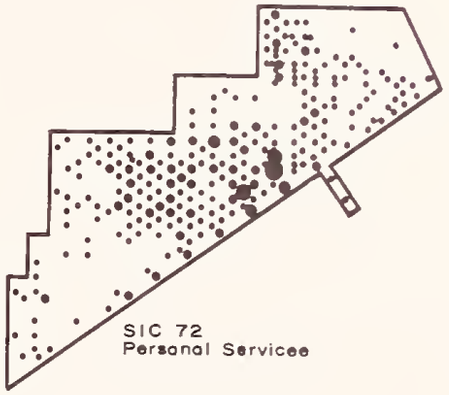

SIC 62
Security and Commodity
Brokers


SIC 63
Insurance Carriers


SIC 64
Insurance Agencies


SIC 65
Real Estate


SIC 70
Hotels, Rooming Houses and
other Lodging Places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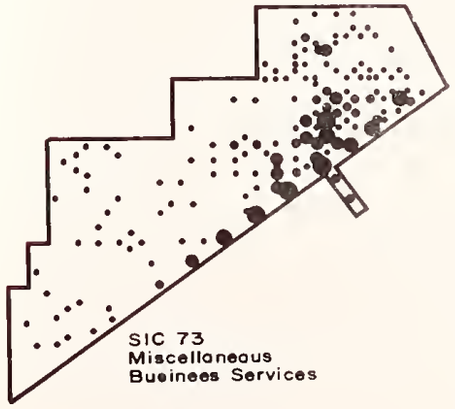
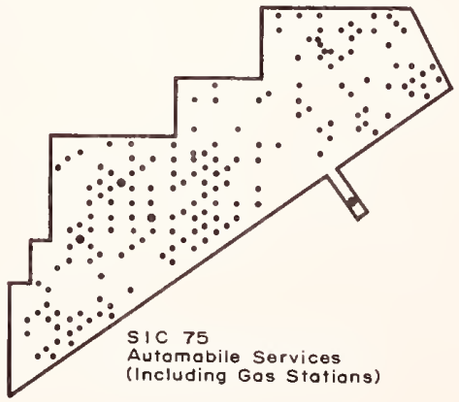
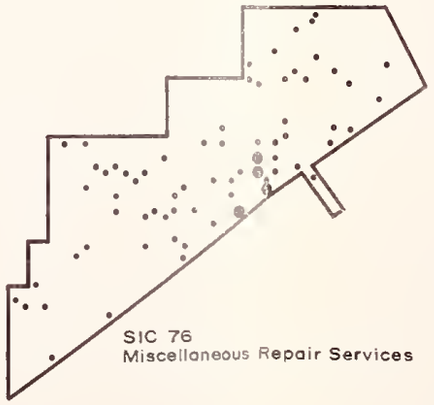
Personal Services


SIC 73
Miscellaneous
Business Services


SIC 75
Automobile Services
(Including Gas Stations)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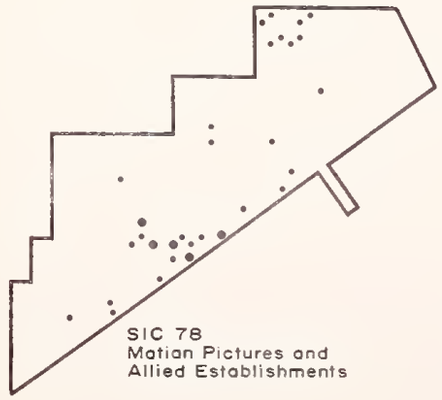
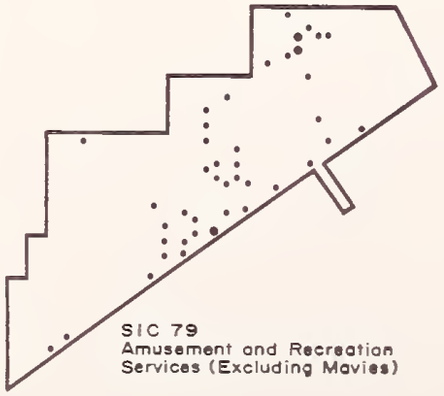
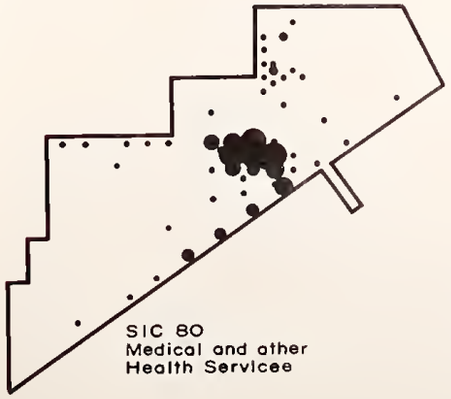
Miscellaneous Repair Services

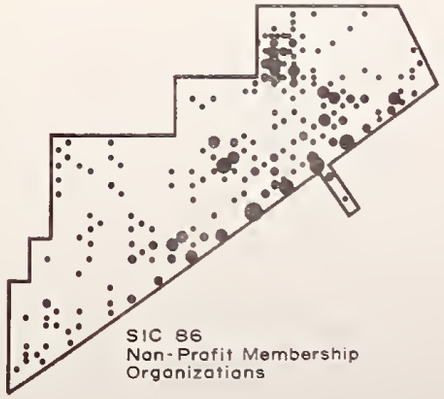

SIC 78
Motion Pictures and
Allied Establishments


SIC 79
Amusement and Recreation
Services (Excluding Movies)


SIC 80
Medical and other
Health Services


SIC 81
Legal Services


SIC 82
Educational Services


SIC 86
Non-Profit Membership
Organizations


SIC 89
Miscellaneous Services

VII. GENERAL SUMMARY OF DOWNTOWN SAN FRANCISCO'S ECONOMY

"The principal asset of the San Francisco C.B.D. to San Francisco and the Bay Area as a whole is its compactness together with a quality and quantity of specialized services which cannot be duplicated in the more outlying and thinly distributed portions of the metropolitan area. Within walking distance in the core of the City is looated an array of the world's finest medical specialists, engineers, law firms and business consultants, as well as such institutions and facilities as the stock exchange, large hotels, port facilities, foreign consuls, port of entry customs, federal and state administrative headquarters, principal investment banking firms, corporation headquarters, a variety of the largest and more specialized retail and wholesale establishments, and major theatres, restaurants, and entertainment places.

"Another advantageous aspect of the City's compactness is its highly concentrated labor pool and consumer market. In San Francisco on less than 2% of the land area of the five central counties, there is 32% of the employed labor force, 30% of the consumer purchasing power and 14% of the retail sales.

VIII. [illegible]

[illegible]

"More than 500,000 trips are made daily in and out of the City. By midday there is an accumulation of 700,000 people in the tiny central business district -- nearly as many persons as the entire resident population of the City itself.

"While the City contains less than 30% of the population of the five central counties, it is the location of 45% of all the jobs. Its employment specialization is indicated in that it contains 40% of the five county employment in government; 45% of the employment in trade; 50% of the employment in services; 50% of the employment in transportation, communications and utilities; and 70% of the employment in finance, insurance and real estate. San Francisco's dependence on regional transportation facilities is clear because of its heavy dependence upon 125,000 commuters from the region's surrounding labor pool to help man San Francisco's growing economy. The daily concentration of these workers within the City itself is apparent: more than 70% of the City's jobs are located in the central commercial and industrial district bounded by Van Ness, 16th Street and the waterfront."*

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* Kenneth D. Lawson, San Francisco: A Great City Today - But What About Tomorrow, Bay Area Rapid Transit District, July, 1962, (processed).

San Francisco's Downtown is, first of all, a nerve center. This function, present in some degree since its founding, is steadily gaining. In earlier days, the Downtown served as a center for the region's warehousing and distribution activities. Goods delivered to the West Coast were first deposited in San Francisco. They were then consigned to their various destinations in the western region. Today the actual handling and storage of goods has been consigned to those portions of the Bay Area where space is available at lower cost than in the congested Downtown area. However, the control of the goods, the administrative and clerical functions, remain largely concentrated in Downtown San Francisco. In manufacturing, a similar development has occurred.

The decline of San Francisco as a center for manufacturing has been in evidence for a number of years. In the Downtown, the manufacturing that remains tends to be that of small and specialized shops. Principal among the manufacturing firms that remain are those in the printing and apparel industries. Thus the economics of space, changes in technology, and greater accessibility have exerted pressure on the heavy manufacturing industries to seek locations elsewhere in the Bay Area. It is

[illegible]

[illegible]

[illegible]

interesting to note that the printing industry, which, aside from the three daily newspapers, consists for the most part of job shops serving the needs of the business community, remains in or near the heart of the City. This may be explained by the need for such an industry to maintain an almost vis-a-vis communication with its clients.

In a recent study of the location of administrative offices in the Bay Area, the conclusion was reached that offices connected with manufacturing plants do tend to be leaving the central city for suburban locations, but those offices whose primary function is the administration of the entire corporate structure tend to remain.*

Retail business, too, has undergone significant changes. Before the Second World War, major purchases of such items as household goods, apparel, and what is generally termed "hard goods" were made in Downtown San Francisco. Department stores had their major outlets here, and the frequent shopping trip Downtown was a common event for householders. It is unnecessary to review at length the extensive changes that have been wrought by the post-war dispersion of residents to the outlying suburbs and

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* Donald L. Foley, The Suburbanization of Administrative Offices in the San Francisco Bay Area, Research Report 10, Real Estate Research Program, Bureau of Business and Economic Research, University of California, Berkeley 4, California, 1957.

the subsequent "pursuit of the consumer" by the ubiquitous shopping center, often financed by the important Downtown department stores. A quotation from a recent article in Western City magazine indicates the trend--

"Almost every major downtown retail area lost ground in 1958 over its 1958 over its 1954 position relative to the total metropolitan area retail volume. As examples: Phoenix fell from 24.5% to 18.4%; Portland, Oregon, from 20.7% to 17.3%; Honolulu from 19.7% to 15.4%; Seattle from 19.3% to 16.2%; Tacoma from 29 to 24.5%.

"One out of every four of America's 109 major central business districts actually had lower dollar sales volume in 1958 than in 1948. Among others, Detroit's downtown retail sales fell 27%; Los Angeles, 19%; Milwaukee, 16%; and St. Louis, 14%."*

In San Francisco, decline in the share of metropolitan area sales amounted to but .9%, and the amount of sales dollar volume actually increased by 10.9% for the period 1954-1958. However, the figure for total retail sales is deceptive, for while some categories held their own or increased their share of the total metropolitan

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* Robert A. Sigafoos, "What Is Happening to the Downtown Business District?", Western City Magazine, Vol. XXXVIII, No. 6, June, 1962.

area market, others declined. Notable among the latter were the department stores, while certain apparel and special retail stores tended to increase their control of the market. Recent statistics, compiled since the 1958 Census of Business indicate that San Francisco continues to hold its share of the metropolitan market, though no significant increase has occurred. Though a detailed breakdown of the figures for the various individual retail categories must wait upon the completion of the 1963 Census of Business, it seems probable that department store sales will show a decline while the specialty stores will maintain or increase their volume. Thus, in the sector of retail trade, a change in the buying habits of the consumer is occurring. Shopping in Downtown San Francisco will probably, in the future, be oriented more and more to the purchase of specialized or unusual goods, since most staple commodities, household goods, and clothing will be available to the consumer near his home. Of the portion of consumer dollars spent in the Downtown, it is probable that the tourist, the office worker, and the occasional commuter in search of "something different" or a better buy will replace the once habitual shopping trip of the suburban resident. That Downtown San Francisco has retained as

much of the metropolitan area volume as it has may be attributed to the accessibility of the core, the variety and the quality of goods offered, the high volume of employment in Downtown and, possibly, the fact that a shopping trip in San Francisco remains an attractive adventure for the suburbanite.

One of the most important "industries" located in the Downtown is that of finance and its related fields, insurance and real estate. Holding some 70% of the metropolitan area's employment in this field, Downtown remains the financial center of not only the Bay Area and the northern California region, but much of the West as well. The world's largest banking corporation has its home offices here, as do several nationally important banking firms and a host of branches representing banks of all parts of the world. The Pacific Stock Exchange has gathered around it the offices of that growing venture, the security and investment firm, to the extent that Montgomery Street is known as the "Wall Street of the West." Again, this supports the hypothesis that the primary function of San Francisco is a nerve center for the economic activity of the region. The relationship between the headquarters offices of the large corporation and its proximity to the

channels of money in the economy in San Francisco is very similar to the pattern of Manhattan. The proposed construction of new insurance company headquarters, of new bank buildings, and new administrative office structures for corporations indicates that the trend may well continue. Dr. Paul Wendt, in his study of urban land values, stressed the importance of those intangible factors, tradition and prestige, in the choice of Downtown San Francisco as a location for these important headquarters. In his estimation, these were sufficient to outweigh such favorable incentives to move to other communities as inexpensive sites, low tax rates, easy accessibility, and an adequate labor pool.

The sense of an exciting past, the cosmopolitan atmosphere, and the natural beauty of the City, important elements in the factors of tradition and prestige that help account for the location of major administrative offices here, are also responsible for a burgeoning industry that has a marked impact on the Downtown's services and retail trade. Tourists and conventioners in 1962 spent an estimated 111 million dollars in San Francisco. Of this, 60 million dollars was spent by visitors and 51 million dollars by persons attending conventions.

[illegible] of money in the economy is the principal factor
[illegible] in the pattern of behavior. The proposed
[illegible] on the relative income hypothesis, if the
[illegible] bank behaviour, and upon identifiably active economic
[illegible] indicates that the trend may well
[illegible] about there. In the study of other land values, including
the locations of those intensively exploited, expansion and
[illegible], in the choice of locations, are influenced on a
[illegible] basis rather than month-to-month. In the market
[illegible] there are sufficient to encourage such investors
[illegible] to make to other communities in preference
[illegible], but have rather early obsolescence, and an adequate
[illegible] labor force.

The same pattern emerging here, the concentration
[illegible] and the varied beauty of the City, [illegible]
[illegible] in the [illegible] of [illegible] and [illegible], [illegible]
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of [illegible] [illegible] [illegible] [illegible] [illegible]
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This figure represents an increase of approximately 8% over 1961, and if the aggressive policies of the Convention and Visitors Bureau are successful, this industry may well become one of the most important segments of the City's "economic base."

Unquestionably the strong and continuing anchor of San Francisco's economy rests in the Financial-Administrative District, both physically and functionally. At the moment of writing, several major new buildings are either under construction or firmly proposed in the Montgomery Street area. Among them, the Hartford Insurance Building and the Standard Oil Building are under construction, and the Alcoa Building and the Wells Fargo Building are well into the planning stage. Also under construction in the Golden Gateway Redevelopment area are the major units of residential buildings which will provide a new market for high middle income housing near places of work. The impact of these physical developments upon the economy of Downtown, unquestionably, will serve to bolster its function as a financial headquarters of international significance.

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